Infrastructure Canada

Departmental Performance Report

2006-2007

The paper version was signed by:

The Honourable Lawrence Cannon
Minister of Transport, Infrastructure and Communities

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Section I: Overview

Minister's Message

Lawrence Cannon, P.C., M.P.

As Canada's Minister of Transport, Infrastructure and Communities, I am pleased to submit Infrastructure Canada's Departmental Performance Report for the period ended March 31, 2007.

The Transport, Infrastructure and Communities Portfolio, including Infrastructure Canada, contributes to our economic growth and environmental sustainability and helps to ensure the safety and security of our transportation infrastructure.

This was a busy and dynamic year that saw the Government of Canada deliver two budgets that committed a historic $33 billion over the next seven years towards the new *Building Canada* infrastructure plan. This long-term, unprecedented level of infrastructure funding recognizes that to remain competitive in today's economy, we must create world-class infrastructure to ensure the seamless flow of people, goods and services across our roads and bridges and through our ports and gateways. The *Building Canada* plan will also support the environment through investments in public transit, green energy, water and wastewater treatment and brownfield remediation.

The *Building Canada* plan reflects input we received during the summer of 2006 from provinces, territories, the municipal sector and stakeholders. It addresses issues that matter to Canadians, such as safe roads and bridges, a clean environment and a strong economy. These areas are important to Canadians from coast to coast and that is where we intend to focus our efforts.

In fact, we have already started to take action. For example, the Government of Canada committed $26.7 million to help clean up Saint John Harbour in New Brunswick and $150 million to the twinning of Highway 63 in Alberta. We have also finalized our commitment of $332.5 million to complete the Manitoba Red River Floodway Expansion project.

In addition, communities are investing Gas Tax funding to improve their infrastructure and the environment and all provinces and territories have received their share of the $1.3 billion committed to transit through the Public Transit Fund and the Public Transit Capital Trust. As well, the Government of Canada announced close to $1 billion to improve transit in the Greater Toronto Area.

As we look to the future and the challenges that lie ahead, Infrastructure Canada is committed to sustaining its efforts as part of the Transport, Infrastructure and Communities Portfolio and building a modern Canada – stronger, safer, better.

The paper version was signed by:

The Honourable Lawrence Cannon, P.C., M.P.
Minister of Transport, Infrastructure and Communities

Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 Departmental Performance Report for Infrastructure Canada.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Department's approved Strategic Outcome(s) and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

The paper version was signed by:

Louis Ranger
Deputy Head,
Infrastructure and Communities

1.1 Summary Information

Infrastructure Canada's mission is to build world class public infrastructure that contributes to Canada's economic growth, a clean environment and strong communities for Canadians. This Departmental Performance Report (DPR) presents information on the activities and achievement of Infrastructure Canada in fiscal year 2006-2007 against the expected results described in the Report on Plans and Priorities for 2006-2007. During this year, the federal government made significant additional commitments to build and modernize Canada's infrastructure – with a focus on supporting Canada's economy, environment and quality of life.

Department's Reason for Existence — *Infrastructure Canada seeks to help build sustainable cities and communities where Canadians benefit from world-class public infrastructure*[1].

Canada needs to remain competitive and productive while sustaining the quality of life of Canadians. The Government of Canada realizes that world-class public infrastructure, such as an efficient transportation network and safe and reliable water systems, is key to meeting these objectives. Budget 2007, tabled in March, recognizes that modern, accessible infrastructure matters to Canadians. It helps move people and goods to markets, allowing our economy to grow and prosper. Through public transit and water treatment systems, infrastructure investments will mean a cleaner, greener Canada. Investing in infrastructure:

- Helps ensure goods get to market quickly and seamlessly;
- Reduces the time people spend in traffic, getting to work and home to their families more quickly;
- Provides Canadians with clean water; and
- Results in stronger communities.

The Government is committed to working in partnership with provinces, territories, municipalities and private and non-profit sectors to build a stronger Canada for the benefit of all Canadians. Infrastructure Canada was established in 2002 to lead the Government of Canada's effort to address the infrastructure challenges of Canadian cities, communities and regions.

1 Public infrastructure is defined as the core physical assets instrumental in supporting the delivery of public services.

In carrying out this Government priority, Infrastructure Canada delivers or coordinates several funding programs and works to build the policies, knowledge and partnerships necessary to support them.

In February 2006, Infrastructure Canada and Transport Canada became part of a new portfolio, Transport, Infrastructure and Communities (TIC), which includes sixteen Crown corporations. In August 2006, the management of Infrastructure Canada and Transport Canada became the responsibility of a single deputy minister. The TIC portfolio addresses several of the challenges facing Canada, particularly the modernization of public infrastructure and the sustainability of both the environment and economic growth. Transport Canada and the other portfolio organizations, each report on their annual plans and performance separately.

Table 1.1: Financial Resources (in $ thousands), 2006-2007

Planned Spending	Total Authorities	Actual Spending
2,468,311	2,127,643	1,471,134

The variance between total authorities and actual spending is explained in the narrative for Table 3.1 of Section III.

Table 1.2: Human Resources (Full-time Equivalents), 2006-2007

Planned	Actual	Difference
220	184	36

1.2 Program Activity Architecture (PAA) Crosswalk

Building on the experience gained in implementing infrastructure programs and given the scope of changes to its responsibilities, Infrastructure Canada sought and received approval from the Treasury Board in the spring of 2006 to amend its Program Activity Architecture (PAA).

Previous Strategic Outcome:	*Revised Strategic Outcome:*
To meet the priorities of Canadians for infrastructure in order to contribute to quality of life, healthy environment, economic growth, rural and urban development, innovation and international trade.	Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.

The amended Strategic Outcome was more directly linked to the Government's priorities during 2006-2007 and better reflected the broader mandate of the organization including its role with respect to contributing to the sustainability of cities and communities. The revised PAA better reflects how Infrastructure Canada allocated and managed the resources under its control to achieve its expected results.

Table 1.3 compares the revised PAA with the previous one, in terms of Program Activities and funding levels. The changes in Program Activities reflect the experience gained in implementing infrastructure programs, recent reorganizations of functions and developing departmental management accountability and reporting structures. The reorganization reflected in the revised Strategic Outcome and PAA includes the transfer out of the Crown Corporations Portfolio.[2]

2 The four Crown corporations (transferred to Transport, Infrastructure and Communities Portfolio in 2005-2006) are the Canada Lands Company Limited, Old Port of Montréal Corporation Inc., Parc Downsview Park Inc. and Queens Quay West Land Corporation.

Under the revised PAA, Infrastructure Canada has three Program Activities: Infrastructure Investments; Policy, Knowledge and Partnership Development; and Departmental Administration. The three Program Activities are briefly described below:

1. ***Infrastructure Investments:*** This Program Activity consists of all infrastructure programming delivered through transfer payments, as well as the related program management and monitoring functions. The Activity contributes to the construction, renewal and enhancement of public infrastructure in Canada and, in partnership with others, builds capacity for addressing infrastructure and communities issues. More detailed information about this Activity is provided in Section II.
2. ***Policy, Knowledge and Partnership Development:*** This Program Activity consists of activities undertaken in policy, knowledge, research and analysis and partnership development. The Activity develops policies based on research and strong partnerships to address existing and emerging challenges and opportunities. More detailed information about this Activity is provided in Section II.
3. ***Departmental Administration:*** This Program Activity encompasses the Office of the Deputy Head, Corporate Services, Communications and Legal Services. The Activity promotes excellence in program and corporate management in support of Infrastructure Canada's priorities. Section IV provides additional information about this Activity.

Table 1.3: Infrastructure Canada: Revised Program Activity Architecture – Main Estimates 2006-2007 ($ thousands)

Previous Strategic Outcome	Revised Strategic Outcome	Reason for Change
To meet the priorities of Canadians for infrastructure in order to contribute to quality of life, healthy environment, economic growth, rural and urban development, innovation and international trade.	Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.	The revised Strategic Outcome better reflects Infrastructure Canada's mandate and vision and is linked to the Government's priorities.
Previous Program Activity	**Revised Program Activity**	**Reason for Change**
1. Infrastructure and Communities $1,824,127	1. Infrastructure Investments $1,808,681 2. Policy, Knowledge and Partnership Development $15,446	Development of better organizational accountability and reporting functions.
2. Crown Corporations Portfolio Management $22,989[3]	Deleted $22,989	Responsibility transferred to Transport Canada.
3. Departmental Administration[4]	3. Departmental Administration[4]	Moved Communications activities from the Infrastructure and Communities activity (since they support and apply to all departmental activities)

The new organization more accurately reflects Infrastructure Canada's key areas of achievement and sets the stage to strengthen departmental performance reporting. Section III provides additional organizational information.

3 Although the transfer of the Crown Corporations was announced late in fiscal year 2005-2006, the actual transfer of these funds to Transport Canada occurred in 2006-2007.

4 Because the Departmental Administration Activity supports Activities 1 and 2, funding is prorated to those Activities.

1.3 Summary of Departmental Performance

1.3.1 Performance in Relation to Departmental Strategic Outcome, Priorities and Results

Table 1.4 summarizes the performance status on the expected results as they relate to the departmental strategic outcome, priority and program activity.

Table 1.4: Summary of Performance in Relation to Departmental Strategic Outcome, Priorities and Results

Status on Performance				
Strategic Outcome: Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.			2006-2007 ($ thousands)	
Priority & Type	**Program Activity**	**Expected Results & Achievements**	**Planned Spending**	**Actual Spending**
1. Delivering approved program funding (ongoing)	**1 – Infrastructure Investments** Infrastructure Canada delivers or coordinates a suite of federal public infrastructure funding programs: • Canada Strategic Infrastructure Fund (CSIF) • Border Infrastructure Fund (BIF) • Infrastructure Canada Program (ICP) • Municipal Rural Infrastructure Fund (MRIF) • Gas Tax Fund (GTF) • Public Transit Fund (PTF)	**Successfully met expectations during the reporting period.** • 4,923 projects announced or approved and over $7.1 billion allocated by March 31, 2007, for CSIF, BIF, ICP and MRIF, including 2,970 "green" projects. • 16 new CSIF projects announced, with total federal funding of $924.1 million. • 3 new BIF projects announced, with $72 million in federal funds allocated. • 12 new ICP projects approved, with $2.7 million in federal funds allocated (wind-down phase of program). • 636 new MRIF projects approved with $444 million in federal funds allocated. • Budget 2006 top-up funds of $200 million for MRIF – approval obtained and projects now proceeding. • All outstanding provincial and territorial GTF and PTF funding agreements signed. • $590.2 million under the GTF and $19.1 million under the PTF transferred by March 31, 2007.	**2,448,418**	**1,455,063**

Continued on next page

Priority & Type	Program Activity	Expected Results & Achievements	Planned Spending	Actual Spending
2. Developing Policy, Knowledge and Partnerships (ongoing)	**2 – Policy, Knowledge and Partnership Development** • Develop strategic policies that are based on sound knowledge and strong relationships. • Build and maintain existing expertise, partnerships and established networks to conduct research, share knowledge and develop policy options. • Collaborate with international organizations on policy development and research concerning infrastructure, cities and communities issues.	**Successfully met expectations during the reporting period.** • Provided policy support through the development of a long-term infrastructure plan to meet Canada's infrastructure needs. • Maintained and enhanced strong partnerships with regional development agencies, provinces, territories, municipalities, First Nations and stakeholders. • Completed a series of Fiscal Balance Consultations during the summer of 2006 with provinces, territories and other stakeholders to help shape the infrastructure programs contained in the *Building Canada* Infrastructure Plan. • Signed agreements to fund 14 new research projects through the Knowledge-building, Outreach and Awareness (KOA) and the Peer Reviewed Research Studies (PRRS) Programs. • Completed a number of national and international research initiatives to increase understanding of the challenges and opportunities to be faced in developing public infrastructure. • Established a new research web portal to share knowledge among members of the Horizontal Research Roundtable on Infrastructure (HRRI). • Played a leading role when Canada hosted the UN-HABITAT's 3rd World Urban Forum (Vancouver – June 2006).	17,401	13,773

1.3.2 Progress by Organizational Priorities

Priority 1: Delivering Approved Program Funding

Through investments in public infrastructure, Infrastructure Canada seeks to maximize economic and environmental benefits for Canadians and to strengthen communities. It does this in partnership with the provinces and territories, municipalities, First Nations and stakeholders. Infrastructure Canada delivers or coordinates a suite of six infrastructure funding programs, each responding to distinct aspects of Canada's priority infrastructure needs.

The investment of more than $16 billion in infrastructure announced in Budget 2007 brings federal support under a new *Building Canada* Infrastructure Plan to a total of $33 billion over the next seven years. This includes funding allocated in Budget 2006 of $16.5 billion over four years for public infrastructure across Canada of which $6.6 billion was new funding to support both small- and large-scale municipal infrastructure in communities. In addition, Budget 2006's *Advantage Canada*[5] confirmed the Government's gas tax funding commitment for the remaining four years, through 2009-2010. Budget 2007 delivered on commitment made in *Advantage Canada* by implementing a comprehensive infrastructure plan based on advice received during consultations in the summer 2006 with provinces, territories, the municipal sector and stakeholders. The new *Building Canada* Infrastructure Plan will make an important contribution towards the efforts of the Government to drive the economy, support the environment and build a safer, stronger and better Canada and will provide greater predictability, flexibility and accountability.

5 *Advantage Canada* is a long-term, national economic plan designed to make Canada a true world economic leader.

The CSIF, BIF, ICP and MRIF Programs

These four Programs are delivered or coordinated in partnership with other federal departments and agencies. Projects are managed collaboratively under the terms of specific Memoranda of Understanding. As the coordinator and funding agent, Infrastructure Canada is responsible for project review, selection and approval, negotiation of the contribution agreement and ongoing monitoring and oversight for the CSIF and BIF. For CSIF- and BIF-related transport projects, Transport Canada takes the lead responsibility for the above listed activities and Infrastructure Canada participates in a supportive role. Project review, selection and approval and ongoing monitoring and oversight for the ICP and MRIF are the responsibility of our federal delivery partners.

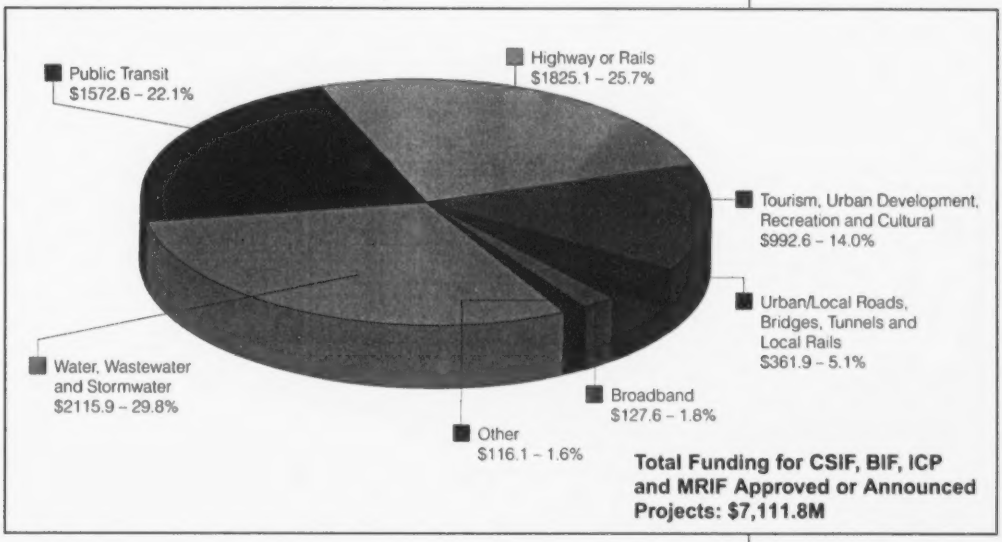
The major accomplishments of these four Programs during 2006-2007 are as follows:

- **Canada Strategic Infrastructure Fund (CSIF):** The $4-billion CSIF, originally established in Budget 2001, is one of the large-scale strategic programs. During 2006-2007, 16 projects were announced with a total federal allocation of $924.1 million. As of March 31, 2007, a total of 65 projects have been announced, with a value of almost $4.2 billion. Refer to Sections II and IV for additional details.
- **Border Infrastructure Fund (BIF):** Announced in Budget 2001, the BIF was established as a $600-million fund, targeting infrastructure primarily at the six largest surface border crossings between Canada and the United States, as well as several other crossings. During 2006-2007, three BIF projects were announced with a federal contribution of $72 million. Since inception, there have been 11 BIF agreements, with a total federal commitment to date of $535.1 million. Refer to Sections II and IV for additional details.
- **Infrastructure Canada Program (ICP):** This community-based fund was set up in 2000 and, as of March 31, 2006, all the original ICP funding has been committed to 3,883 projects across Canada, totalling more than $1.9 billion. The Program was extended to March 31, 2009, and to March 31, 2007 for the First Nations component, to provide more time to complete approved projects. Twelve new projects were announced with a federal commitment of $2.7 million to protect the environment and support long-term community and economic needs. There were no new First Nations ICP projects during 2006-2007. Refer to Sections II and IV for additional details.

- **Municipal Rural Infrastructure Fund (MRIF):** Budget 2003 established this community-based fund, with an allocation of $1 billion for smaller-scale municipal infrastructure projects designed to improve the quality of life and economic opportunities in smaller centres, including a component addressing the infrastructure needs of First Nations. During 2006-2007, 636 projects were announced, valued at $443.9 million. As of March 31, 2007, a total of 963 projects have been approved, with a total federal investment of $648.2 million. Refer to Sections II and IV for additional details.

Figure 1A illustrates the funding breakdown by project categories for these four programs (CSIF, BIF, ICP and MRIF).

Figure 1A: Summary of Total Funding For Approved or Announced Projects (CSIF, BIF, ICP and MRIF) by Project Categories as of March 31, 2007 ($M)



New CSIF/MRIF Federal/Provincial/Territorial Agreements

Entering into formal agreements with federal, provincial and territorial partners sets the foundation for successful delivery of planned programming and the achievement of the Government's infrastructure priorities.

In addition to existing Memoranda of Understanding (MOUs) with other government departments, in 2006-2007, Infrastructure Canada completed a total of seven MOUs with Indian and Northern Affairs Canada (for Nunavut, the Northwest Territories and the Yukon) and with the Atlantic Canada Opportunities Agency (for New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador) to deliver CSIF funds.

Infrastructure Canada concluded the final federal-provincial agreement for the delivery of MRIF with the signing of the agreement with the Province of British Columbia in June 2006. In addition, arrangements with federal delivery partners were finalized with the signing of three MOUs: Industry Canada (for Ontario), Western Economic Diversification Canada (for British Columbia and for Alberta) and Canada Economic Development for Quebec Regions.

The Gas Tax Fund (GTF) and the Public Transit Fund (PTF)

In Budget 2005, the Government announced that $5 billion would be provided for the benefit of municipalities over five years by sharing a portion of the federal gas tax revenues. Budget 2007 commits to extending the federal GTF an additional four years until 2013-2014, delivering $8 billion in new predictable funding for sustainable infrastructure in our cities and communities. This funding enables municipalities to make investments in infrastructure projects that address local needs and help to produce the shared national outcomes of cleaner water, cleaner air and reduced greenhouse gas emissions.

Through the Public Transit Fund, the Government of Canada provided $400 million, allocated over two years, to support investments in public transit infrastructure in cities and communities. These funds support environmental outcomes of cleaner air and lowered greenhouse gas emissions.

The two programs involve agreements with all provincial and territorial governments, two municipal associations and the City of Toronto. In 2006-2007, provincial and territorial GTF signatories received $590.2 million and provincial and territorial PTF signatories received $19.1 million.

In 2006-2007, all outstanding provincial/territorial GTF and PTF funding agreements were signed and Oversight Committees established. These included the GTF agreement with Newfoundland and Labrador and PTF agreements with Newfoundland and Labrador, Nova Scotia, Nunavut and the Northwest Territories. Infrastructure Canada continued negotiations with the Province of Ontario for the distribution of $5.8 million in gas tax funds set aside for the benefit of Ontario's unincorporated areas. Funding is expected to flow in 2007-2008.

GTF and PTF agreements describe the expected final outcomes of cleaner air, cleaner water and reduced greenhouse gas emissions. In 2006-2007, work began to identify appropriate outcome indicators that will meet the reporting requirements for these agreements. Both internal and contracted research, supplemented with advice from Fund signatories and other federal government departments, were used to develop a proposed performance measurement approach and specific municipal project environmental indicators. In 2007-2008, final indicators will be agreed upon through the individual Oversight Committees for use in the 2009 outcome reports.

Annual GTF expenditure reports for 2005-2006 were received from most signatories in the fall of 2006. These reports included the amounts paid to eligible recipients and demonstrated their ongoing eligibility under the GTF. The Department is working with the two outstanding jurisdictions to address their capacity to deliver their reports so that transfers can resume.

The first PTF reports are not expected until the fall 2007.

GTF and MRIF Programming for First Nations

In 2006-2007, Infrastructure Canada continued working with Indian and Northern Affairs Canada (INAC) and the Assembly of First Nations to develop a program for the delivery of the First Nation components of the GTF and MRIF that are adapted to the particular infrastructure needs of First Nations communities.

Horizontal Approach for Reporting

In establishing a common, horizontal approach for reporting all federal infrastructure programs, Infrastructure Canada's objective is to measure and report on progress and results as consistently as possible. The Department has developed preliminary performance measurement framework for the Gas Tax and Public Transit Funds which can be used as a basis for further discussion of common issues and data gaps.

Priority 2: Developing Policy, Knowledge and Partnerships

Policy Development

Infrastructure Canada works to support public infrastructure needs through the development of strategic policies that are based on sound knowledge and strong partnerships and address existing and emerging challenges and opportunities. In 2006-2007, Infrastructure Canada continued to deliver high quality and timely policy support and advice to the Minister and to develop strategic policies based on sound knowledge and strong partnerships. Some results achieved include:

- Leading the development of the *Building Canada* Infrastructure Plan announced in Budget 2007, tabled in the House of Commons in March 2007;
- Completing a series of fiscal balance consultations during the summer of 2006 with provinces, territories and other stakeholders to help shape the infrastructure programs contained in the *Building Canada* Infrastructure Plan;
- Conducting interim due diligence studies and providing project selection advice to the Minister; and
- Providing parliamentary and cabinet support to the Minister to ensure that Infrastructure Canada perspectives are incorporated in relevant Parliamentary, Cabinet, interdepartmental and portfolio briefing and policy documents.

Knowledge and Partnerships Development

Infrastructure Canada undertook research activities in all major program activity areas, in consideration of its research priorities. Multiple research studies were completed and disseminated on these issues. Details can be found in Section II and at: **http://www.infrastructure.gc.ca/research-recherche/result/studies-rapports/index_e.shtml**.

In June 2004, Infrastructure Canada received Treasury Board approval for two multidisciplinary policy research funding programs that support the organization's Research Strategy goals. These programs are complementary tools to encourage and support the development of evidence-based policy and informed decision-making on public infrastructure and communities issues:

- Knowledge-building, Outreach and Awareness (KOA): **http://www.infrastructure.gc.ca/ research-recherche/ fun-fin/koa-dcsc/index_e.shtml**; and
- Peer-Reviewed Research Studies (PRRS): **http://www.infrastructure.gc.ca/research-recherche/ fun-fin/prrs-erep/index_e.shtml**.

To date, these two research programs have funded more than 50 research projects and partnerships. During 2006-2007, competitive calls for proposals were conducted under both programs and agreements were signed to fund 14 new research projects, representing an investment of $1.3 million in research over the next two fiscal years.

Building Relationships and Sharing Knowledge

On behalf of the Government of Canada, Infrastructure Canada works with its partners to identify and assess public infrastructure needs, to evaluate priorities and to develop policy options to improve Government of Canada's policies and programs in support of building modern public infrastructure and stronger cities and communities. Infrastructure Canada also seeks to build capacity and to develop and share knowledge about infrastructure with its partners through research, communications and other partnership initiatives. For example, Infrastructure Canada engages in ongoing liaison and information-sharing with provincial and territorial officials responsible for local government and for infrastructure through the Intergovernmental Consultation Network.

The Horizontal Research Roundtable on Infrastructure (HRRI) brings together about 25 federal government departments and organizations to facilitate and foster collaborative research on infrastructure. An intra-web portal for the HRRI was created in April 2006, for the use of HRRI members and federal government employees, to facilitate the activities of the HRRI and related research collaboration among its members.

1.3.3 Operating Environment and Challenges

Evolution of the Organization

Since it was established in 2002, Infrastructure Canada has overseen the relatively rapid development and implementation of three generations of infrastructure and communities programming. In 2004, Infrastructure Canada became a federal focal point for infrastructure and cities and communities issues. In February 2006, Infrastructure Canada and Transport Canada became part of a new portfolio: Transport, Infrastructure and Communities.

The evolution of Infrastructure Canada's responsibilities over the past several years has resulted in a period of continuous change in its organizational structure and scope, creating demands for resources not anticipated at the time the organization was originally established. As a result, Infrastructure Canada has had to develop the capacity and operational structure to support new and expanded programs and provide an increasingly higher level of discipline and rigour to the policy development, project selection, program management and implementation processes, as well as audit and program/project evaluation.

Evaluating Effectiveness

Infrastructure Canada retains responsibility within the federal government for the use of contributions from its infrastructure funds and exercises due diligence and rigorous oversight. However, several factors may preclude the availability of information on program results, in turn affecting Infrastructure Canada's ability to demonstrate tangible progress and results in the short term. For example, the long-term benefits of many of the infrastructure funding programs, such as economic and environmental benefits, may become apparent only after several years, given the long life cycle of major infrastructure projects. In addition, building sustained relationships with partners based on shared values, open communications and accountability is a long-term commitment. Over the years, there has been continued refinement of infrastructure programs that reflect the experience gained by the Government of Canada in the establishment of infrastructure programs; e.g., ICP in 2000 and CSIF and BIF in 2001. In 2002, the creation of Infrastructure Canada was followed by renewed investments in CSIF, the creation of the MRIF in 2003 and the establishment of the gas tax and public transit programs in 2005. Since then, the government has continued to pursue this evolution of a long-term, strategic commitment to infrastructure.

Ensuring Accountability

While Infrastructure Canada is fully accountable for program expenditures, the projects are managed collaboratively under the terms of specific Memoranda of Understanding (MOUs). As the coordinator and funding agent, Infrastructure Canada is responsible for project review, selection and approval, negotiation of the contribution agreement, and ongoing monitoring and oversight for the CSIF and BIF. For CSIF- and BIF-related transport projects, Transport Canada takes the lead responsibility for the above listed activities and Infrastructure Canada participates in a supportive role. Project review, selection and approval, and ongoing monitoring and oversight for the ICP and MRIF are the responsibility of the federal delivery partners. For GTF and PTF, expenditure reports are submitted to the department to identify the amounts paid to ultimate recipients and to demonstrate the recipients' ongoing eligibility.

Coordination, Partnerships and Capacity Building

Coordination, partnerships and capacity building are at the core of Infrastructure Canada's mandate, operations and organizational culture.

At the operating level, Infrastructure Canada collaborates extensively with other federal departments and agencies to deliver beneficial infrastructure programs for Canadians. Infrastructure Canada takes a leading role in developing and maintaining new partnerships and working relationships with the provinces, territories, municipalities, municipal associations and stakeholder organizations across the country, as well as with First Nations and international organizations. Significant challenges exist in addressing different goals of stakeholders while moving forward federal infrastructure objectives. Coordinating partnerships is also resource intensive.

Partnerships are also an important tool in Infrastructure Canada's focus on knowledge generation, community building and knowledge transfer. Infrastructure Canada collaborates with other federal departments, other levels of government, universities, research institutes, civil society organizations, the private sector and other experts domestically and internationally to generate and share knowledge about infrastructure and communities in support of sound policy making.

1.3.4 Link to the Government of Canada Outcomes Areas

The whole-of-government framework for reporting Canada's performance groups all departmental Strategic Outcomes and Program Activities into four broad Spending Areas: ***Economic Affairs, Social Affairs, International Affairs*** and ***Government Affairs***.

Infrastructure Canada's one Strategic Outcome and two corresponding Program Activities[6] align with the Government of Canada Outcomes as shown in Figure 1B.

Figure 1B: Infrastructure Canada's Linkage to the Whole-of-Government Performance Framework

Government of Canada		Infrastructure Canada	
Spending Area	**Outcome**	**Program Activity**	**Strategic Outcome**
Economic Affairs	**Strong Economic Growth**	**Infrastructure Investments**	Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.
	An Innovative and Knowledge-based Economy	**Policy, Knowledge and Partnership Development**	

For more information about the Government of Canada's four broad Spending Areas and the corresponding 13 Outcomes, visit **http://www.tbs-sct.gc.ca/rma/krc/cp-rc-1-05_e.asp**.

6 The resources for Infrastructure Canada's third Program Activity, Departmental Administration, are prorated to its other two Program Activities.

Section II: Analysis of Program Activities by Strategic Outcome

Analysis of Program Activities

Infrastructure Canada's mission is to build world-class public infrastructure that contributes to Canada's economic growth, a clean environment and strong communities for Canadians.

In carrying out this Government of Canada priority, Infrastructure Canada manages a suite of funding programs and works to build the policies, knowledge and partnerships to support them. The Government maximizes value for taxpayers' money by supporting infrastructure projects that adhere to best practices, ensuring complementarity with investments from other orders of government and sectors and by requiring all funding recipients to be accountable.

> Strategic Outcome: ***Improving the sustainability of our cities and communities and Canada's local, regional and national public infrastructure to enhance the economic, social, cultural and environmental quality of life of Canadians.***

Infrastructure Canada has one Strategic Outcome that is long-term and enduring in nature. It identifies the organization's areas of influence and demonstrates how the Department's efforts benefit Canadians and contribute to Government priorities. Infrastructure Canada's Strategic Outcome will be achieved by:

- Strategically investing and leveraging other investments in sustainable public infrastructure;
- Fostering effective, new and innovative types of partnerships;
- Providing federal leadership for infrastructure and community issues; and
- Advancing policies and building, connecting and sharing knowledge.

Infrastructure Canada has established the following three Program Activities:

- Infrastructure Investments: See paragraph 2.1 for details.
- Policy, Knowledge and Partnership Development: See paragraph 2.2 for details.
- Departmental Administration: See Section IV for details.

2.1 Program Activity I: Infrastructure Investments

Table 2.1: Financial Resources ($ thousands)

Planned Spending	Authorities	Actual Spending
2,448,418	2,109,215	1,455,063

Table 2.2: Human Resources (FTEs)

Planned	Actual	Difference
147	121	26

In support of its priority to deliver or coordinate approved program funding, Infrastructure Canada manages and leverages investments in public infrastructure to improve the state of Canada's public infrastructure and, in turn, to promote economic growth, a clean environment and strong communities. The Department works in a coordinated manner with other federal departments and regional development agencies, provincial, territorial and municipal governments, First Nations and municipal associations to deliver approved program funding. Currently the six federal partners responsible for program delivery are: Western Economic Diversification Canada (for projects in the western provinces); Industry Canada (for projects in Ontario); Canada Economic Development for Quebec Regions (for projects in Quebec); the Atlantic Canada Opportunities Agency (for projects in the Atlantic provinces); Transport Canada (for transportation-related projects); and Indian and Northern Affairs Canada (for projects in the provinces that involve First Nations and projects in the three territories).

This Program Activity consists of all infrastructure programming delivered through transfer payments as well as the related program management and monitoring functions.

Canada Strategic Infrastructure Fund (CSIF)

The CSIF operates under the authority of the *Canada Strategic Infrastructure Fund Act*. It is directed to projects of major federal and regional significance in areas that are vital to sustaining economic growth and enhancing the quality of life of Canadians.

CSIF investments are made in cooperation with the provinces, territories, municipalities and the private sector. Each project is governed by specifically tailored arrangements with partners. Maximum federal funding is set at 50 per cent of total eligible project costs, except for broadband and northern infrastructure projects, for which federal funding can go to a maximum of 75 per cent. Typically, project costs are shared equally among the three orders of government at one-third each.

Ten per cent of the CSIF allocation is targeted for projects identified as national priority projects. The CSIF has supported large-scale national projects that include the Red River Floodway project in Manitoba, the National Satellite Initiative to provide broadband access to northern and remote communities and the twinning of the Trans-Canada Highway in Banff National Park in Alberta. For more information about CSIF projects, visit **http://www.infrastructure.gc.ca/ip-pi/csif-fcis/proj/proj_desc_prov_e.shtml**.

Results Achieved

In addition to existing Memoranda of Understanding (MOUs), in 2006-2007, Infrastructure Canada completed a total of seven MOUs to deliver CSIF funds, with Indian and Northern Affairs Canada (INAC) and with the Atlantic Canada Opportunities Agency (ACOA):

- INAC for Nunavut, Northwest Territories and Yukon, all signed September 15, 2006; and
- ACOA for New Brunswick, Prince Edward Island, Nova Scotia and Newfoundland and Labrador, all signed October 20, 2006.

During 2006-2007, 16 new projects were announced with a total federal contribution of $924.1 million. These included several highway projects in Prince Edward Island, Nova Scotia and Alberta, a national soccer stadium in Toronto and the continued expansion of the Manitoba Red River Floodway. Information on federal CSIF funding commitments is provided in Table 2.3.

Since the CSIF was established in 2001, 65 projects have been announced totalling more than $4 billion in federal contributions and contribution agreements (establishing the legal basis for federal payments on projects) have been signed for 40 projects. Figure 2A illustrates the breakdown of CSIF projects by investment category.

Additional information concerning the breakdown of CSIF projects announced in 2006-2007, by province and category, is shown in Tables 4.1 and 4.2 in Section IV.

Table 2.3: Federal Funding Commitments for CSIF

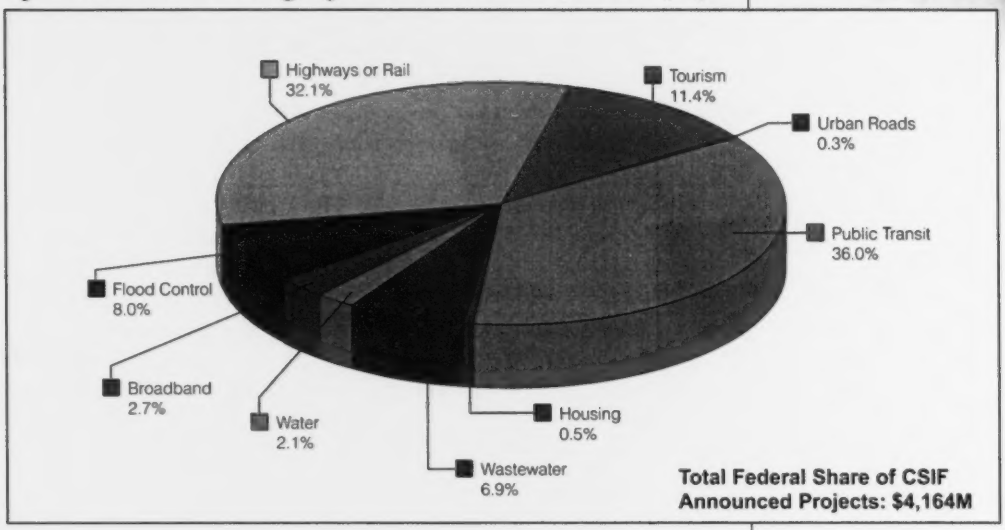
Category	Number of Projects Announced in 2006-2007	Total Federal Funds Allocated in 2006-2007 ($M)	Number of Projects Announced as of March 31, 2007	Total Federal Funds Allocated as of March 31, 2007 ($M)
Water	1	58.5	2	85.8
Wastewater	2	35.6	13	288.6
Urban Roads	-	-	1	13.0
Highways or Rail	7	394.5	22	1,338.0
Public Transit	2	178.0	7	1,498.0
Broadband	-	-	4	113.4
Flood Control	2	212.5	1	332.5
Housing	-	-	1	20.0
Tourism	2	45.0	14	474.7
Total	**16**	**924.1**	**65**	**4,164.0**[1]

Notes:

- Columns may not add due to rounding.
- Six Projects were announced in the 2005-2006 DPR as "Priority for funding announced"; this fiscal year they were announced as "Announcement of commitment to fund".

1 Total does not include Federal Coordination and Research of $187M or the $50M Transfer to Parks Canada for the highway through Banff National Park.

Figure 2A: CSIF Funding Allocated to Projects, by Investment Category as of March 31, 2007 (%)



Note:

- Total does not include Federal Coordination and Research of $187M or the $50M Transfer to Parks Canada for the highway through Banff National Park.

Border Infrastructure Fund (BIF)

The $600-million BIF was established in 2001 to target improvements primarily to the six largest surface border crossings between Canada and the United States, as well as improvements to several other crossings. It has provided funding for investments in physical infrastructure, intelligent transportation system infrastructure and improved analytical capacity. BIF investments in border infrastructure are critical to Canada's growing economic and trade relationship with the United States and reflect the importance of Canada's border crossings, ports and highway approaches to economic growth, trade and security, both nationally and as international gateways. There are no set jurisdictional allocations for this Fund.

Results Achieved

During 2006-2007, three new BIF projects were announced, with a total federal contribution of $72 million. Since its inception, 11 projects have been announced totalling $535.1 million in federal contributions. A summary of BIF expenditures is provided in Table 2.4. For more information about BIF projects, visit **http://www.infrastructure.gc.ca/ip-pi/bif-fsif/proj/proj_desc_prov_e.shtml**.

Additional information concerning BIF projects, by category and province/territory, is shown in Tables 4.3 and 4.4 in Section IV.

Table 2.4: Federal Funding Commitments for BIF

Category	Number of Projects Announced in 2006-2007	Total Federal Funds Allocated in 2006-2007 ($M)	Number of Projects Announced as of March 31, 2007	Total Federal Funds Allocated as of March 31, 2007 ($M)
Physical Infrastructure	3	72.0	10	531.0
Improve Analytical Capacity	-	-	-	-
Intelligent Transportation System Infrastructure	-	-	1	4.1
Total	**3**	**72.0**	**11**	**535.1**

Notes:

- Columns may not add due to rounding.
- All Projects were announced in the 2005-2006 DPR as "Priority for funding announced"; this fiscal year they were announced as "Announcement of commitment to fund".
- The total allocation for BIF excludes $3 million which was transferred to the Canada Border Services Agency for the Border Modelling project and $15 million which was transferred for the new border facility at St. Stephen, New Brunswick.

Infrastructure Canada Program (ICP)

The $2.05-billion ICP, including the Canada-Ontario Infrastructure Program (COIP), was created in 2000 to enhance infrastructure in Canada's urban and rural communities and to improve the quality of life of Canadians through investments that protect the environment and support long-term community and economic growth. Funding was transferred, at the beginning of the program, to the federal delivery partners whose ministers are accountable for delivery of the program. While each of the federal ministers heading these departments has financial and parliamentary responsibility for program delivery, the Minister responsible for Infrastructure Canada is responsible for the overall policy and coordination aspects including maintenance of the Shared Information Management System for Infrastructure (SIMSI)) and the required program evaluation.

As of March 31, 2007, virtually all ICP funding was committed and 3,883 projects across Canada have been approved. To provide more time to complete scheduled projects, this Program was extended to March 31, 2009 and March 31, 2007 for the First Nations component. However, no additional funding was provided.

The priority for the ICP has been to support "green" municipal infrastructure, consistent with the Government's sustainable development objective. A minimum of 50 per cent of federal ICP expenditures is devoted to such projects as water and wastewater systems, solid waste management and recycling and capital expenditures to retrofit or improve the energy efficiency of buildings and facilities owned by local governments. Other ICP priorities include local transportation infrastructure, cultural and recreational facilities, rural and remote telecommunications and affordable housing.

Results Achieved

During 2006-2007, 12 new ICP projects were approved, with a total federal contribution of $2.7 million. Since its inception, 3883 projects have been approved totalling nearly $2 billion in federal contributions. Because the life cycle of major infrastructure projects is long, results indicators for completed ICP projects are currently not available. A summary of federal funds allocated by ICP categories is provided in Table 2.5. Figure 2B illustrates how the ICP projects approved as of March 31, 2007, are distributed by investment category. For more information about ICP projects, visit **http://www.infrastructure.gc.ca/ip-pi/icp-pic/projects-projets/index_e.shtml**.

The total investment in community infrastructure generated by ICP to date exceeds the original goal by 30 per cent. The federal contribution leveraged nearly $6 billion of total investment in community infrastructure from other levels of government. As determined by the mid-term evaluation of the ICP, the Program has also achieved an appropriate balance of federal and provincial priorities. To view a summary of the evaluation, visit **http://www.infrastructure.gc.ca/pd-dp/eval/me_icp_2006_e.shtml**.

Additional information concerning ICP projects, by province/territory, is shown in Table 4.5 in Section IV.

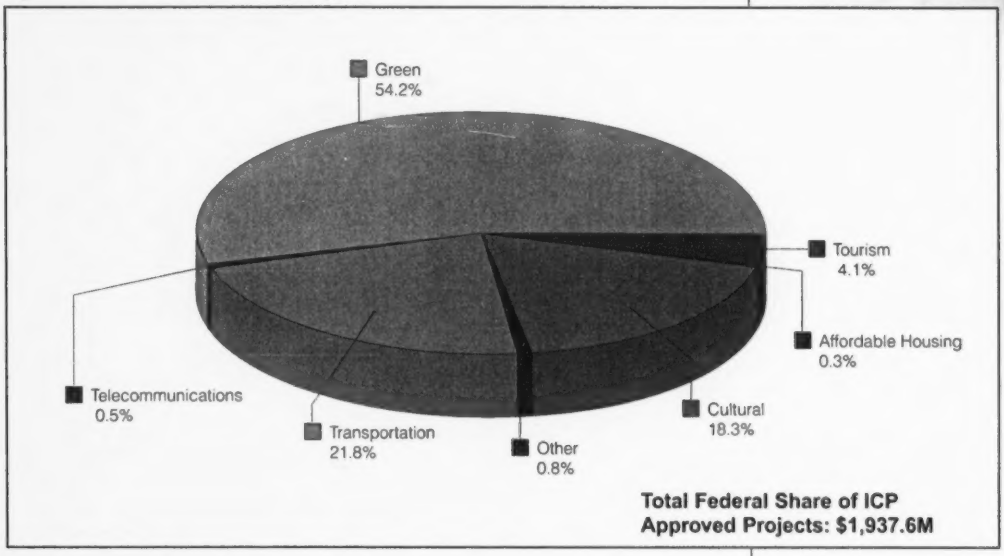
Table 2.5: Federal Funding Commitments for ICP

Category	Number of Projects Approved in 2006-2007	Total Federal Funds Allocated in 2006-2007 ($M)	Number of Projects Approved as of March 31, 2007	Total Federal Funds Allocated as of March 31, 2007 ($M)
Green Municipal	12	2.7	2,429	1,050.0
Local Transportation	-	-	731	421.9
Cultural and Recreational	-	-	611	355.0
High-Speed Access for Public Institutions	-	-	3	9.2
Rural and Remote Telecommunications	-	-	5	0.7
Affordable Housing	-	-	7	6.8
Tourism	-	-	61	78.7
Other	-	-	36	15.4
Total	**12**	**2.7**	**3,883**	**1,937.6**

Note:

- Columns may not add due to rounding.

Figure 2B: ICP Funding Allocated to Projects, by Investment Category as of March 31, 2007 (%)



Municipal Rural Infrastructure Fund (MRIF)

Reflecting the Government's commitment to urban and rural growth, the $1-billion MRIF, created in 2001, focuses on smaller-scale municipal infrastructure projects that support sustainable development, improved quality of life and economic opportunities and increased connectivity for smaller and rural communities. A minimum of 60 per cent of the MRIF's nation-wide expenditures is devoted to projects addressing environmental quality objectives such as water and wastewater treatment. MRIF also supports roads, bridges, cultural and recreation infrastructure in communities across Canada. The MRIF also has a component to address the infrastructure needs of First Nations communities.

As part of its infrastructure investment activities, Infrastructure Canada also works to build capacity and generate knowledge on infrastructure and community issues working with municipalities and other partners. Up to one per cent of the jurisdictional allocation under the MRIF is available for a Municipal Capacity Building component that seeks to encourage the use of integrated asset management by small-scale Canadian municipalities. The goal of this component is to promote the implementation of integrated approaches to public infrastructure planning and management; encourage the use of asset management in support of decision making; promote the integration of demand management in public infrastructure planning and management; and encourages the sharing of project results with other municipalities and the public.

Results Achieved

Infrastructure Canada concluded the final federal-provincial agreement for the delivery of MRIF with the signing of the agreement with the Province of British Columbia in June 2006. In addition, arrangements with federal delivery partners were finalized with the signing of three MOUs:

- Industry Canada for Ontario projects, on August 14, 2006;
- Western Economic Diversification Canada, for the provinces of British Columbia and Alberta, each signed on September 5, 2006; and
- Canada Economic Development for Quebec Regions, on March 6, 2007.

During 2006-2007, 636 new MRIF projects were approved, with a total federal contribution of $443.9 million. Information on federal MRIF funding commitments is provided in Table 2.6. Since the MRIF was established in 2001, 963 projects have been approved, totalling $648.2 million in federal contributions. Figure 2C illustrates how the MRIF projects approved as of March 31, 2007, are distributed by investment category. For more information about MRIF projects, visit **http://www.infrastructure.gc.ca/ip-pi/mrif-fimr/projects-projets/index_e.shtml**. Additional information concerning MRIF projects, by province/territory, is shown in Table 4.6 in Section IV.

Table 2.6: Federal Funding Commitments for MRIF

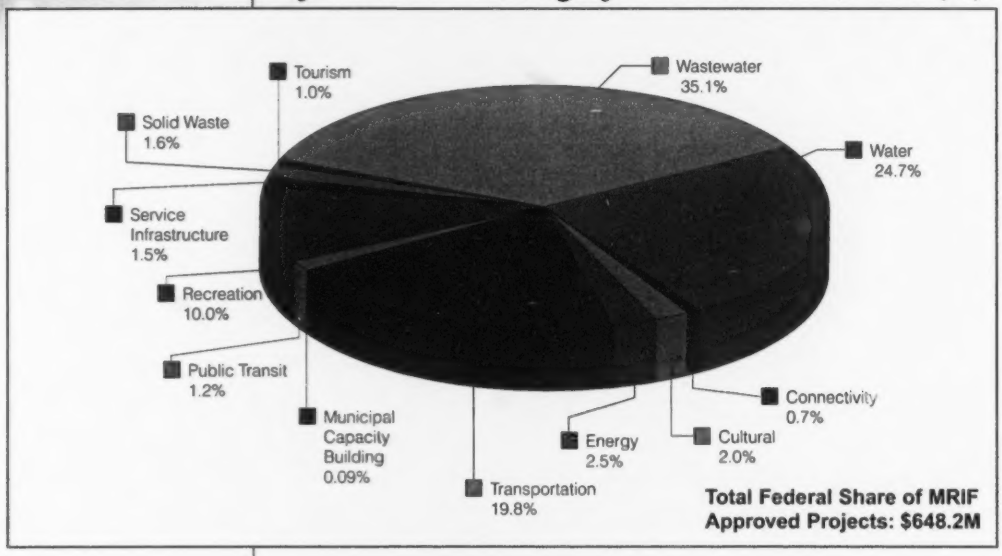
Category	Number of Projects Approved in 2006-2007	Total Federal Funds Allocated in 2006-2007 ($M)	Number of Projects Approved as of March 31, 2007	Total Federal Funds Allocated as of March 31, 2007 ($M)
Water	190	105.4	251	159.9
Wastewater	171	152.4	261	227.4
Solid Waste	23	8.1	35	10.1
Environmental Energy Improvements	7	12.2	12	16.0
Local Roads	196	82.1	322	128.1
Public Transit	4	7.9	4	7.9
Cultural	32	11.5	40	13.0
Recreation	55	53.4	74	65.0
Connectivity	3	2.0	5	4.4
Tourism	2	0.8	6	6.3
Municipal Capacity Building	5	0.2	6	0.6
Service Infrastructure	4	8.0	5	9.5
Total	**636**[1]	**443.9**	**963**[1]	**648.2**

Note:

- Columns may not add due to rounding.

1 Column does not add to total because some projects involve multiple categories and have been counted twice.

Figure 2C: MRIF Funding Allocated to Projects, by Investment Category as of March 31, 2007 (%)



Green Projects and Green Objectives

Infrastructure Canada is committed to achieving green objectives in the funding programs it delivers or coordinates. For local infrastructure projects to be considered "green", they must improve the quality of the environment and contribute to cleaner water, soil or air, or improve the quality of human life. Each green project must fall into one of these categories: water, wastewater, solid waste, public transit, or energy efficiency. Over half of projects and funds are directly supporting green objectives.

Gas Tax Fund (GTF)

In Budget 2005, the Government announced that $5 billion would be provided for the benefit of municipalities over five years by sharing a portion of federal gas tax revenues. The goal of the GTF is to provide reliable and predictable multi-year funding to municipalities to achieve national environmental outcomes of cleaner air, cleaner water and reduced greenhouse gas emissions. These objectives involve capital investments in public transit, water and wastewater treatment,

solid waste management, community energy systems and local roads and bridges. Budget 2006 confirmed this funding commitment for the remaining four years. Budget 2007, tabled in March, plans to extend the GTF until 2014, adding new funding for a total of $13 billion since its inception.

Flexible, long-term GTF funding enables municipalities to initiate projects quickly, to make investments in infrastructure that address local needs and to help contribute to the achievement of national environmental outcomes. The GTF also includes a capacity building component to help municipal jurisdictions to develop integrated community sustainability plans (ICSP) which is a key component of each GTF agreement. An ICSP is a long-term plan, developed in consultation with community members, which provides direction to help the community realize its sustainability objectives for the environment and the cultural, social and economic dimensions of its identity. Provinces and territories have agreed that, over the life of the GTF agreements, they would ensure the development of the ICSP or approved equivalent plan, either by a local government or at some higher level appropriate to the province or territory.

Results Achieved

In 2006-2007, the last of the GTF agreements was signed with Newfoundland and Labrador on August 1, 2006. Infrastructure Canada continued negotiations with the Province of Ontario for the distribution of $5.8 million in gas tax funds, set aside for the benefit of Ontario's unincorporated areas. Funding is expected to flow in early 2007-2008. In 2006-2007, provincial and territorial GTF signatories received $590.2 million.

Table 2.7 provides a breakdown of the 252 funded projects and Figure 2D displays the GTF investment by category for 2005-2006 which is the latest information by category available for the program. Further, Table 4.7 in Section IV provides additional information, by province/territory, concerning the GTF.

During 2006-2007, Infrastructure Canada consulted with provincial and territorial officials concerning ICSPs, as part of regularly scheduled GTF Oversight Committee meetings established to monitor overall strategic implementation of the agreements, discuss implementation issues and key activities in the provinces and territories, coordinate planning for future collaborations and make decisions when required. Infrastructure Canada also organized a workshop for all GTF signatories in December 2006, to clarify the obligations of the parties, exchange views, discuss implementation issues, share best practices and strengthen networking.

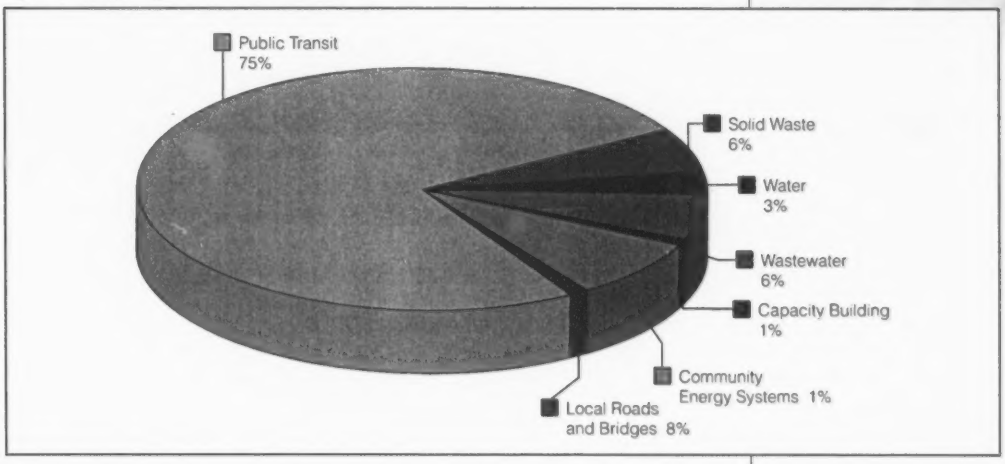
For additional information concerning these agreements and allocations, visit, **http://www.infrastructure.gc.ca/communities-collectivites/agreements-ententes/gas-essence_tax/index_e.shtml**.

Table 2.7: GTF Project Funding by Category 2005-2006[1]

Category	Number of Projects Funded	GTF Spent ($M)
Capacity Building	4	0.8
Community Energy Systems	10	1.3
Local Roads and Bridges	93	8.8
Public Transit	32	87.7
Solid Waste	13	7.3
Water	28	3.0
Wastewater	72	7.3
Total	**252**	**116.2**

1 2005-2006 reflects latest available information for GTF program.

Figure 2D: GTF Investments by Category 2005-2006 (%)



Public Transit Fund (PTF)

The PTF provides $400 million, allocated over two years, to support projects that provide better and more flexible public transportation options for Canadians, thereby reducing congestion, reducing greenhouse gas emissions, reducing airborne pollutants and improving the quality of the environment. Funds are transferred to municipalities or other eligible recipients through agreements between Canada and the provinces and territories. Allocation in most jurisdictions is based primarily on transit ridership.

Results Achieved

In 2006-2007, all outstanding provincial and territorial funding agreements for the PTF were signed:

- The Newfoundland and Labrador agreement was signed on March 30, 2007;
- The Nova Scotia agreement was signed on November 24, 2006;
- The Nunavut agreement was signed on December 1, 2006; and
- The Northwest Territories agreement was signed on March 31, 2007.

In 2006-2007, provincial and territorial PTF signatories received $19.1 million.

For additional information concerning these agreements and allocations, visit **http://www.infrastructure.gc.ca/communities-collectivites/agreements-ententes/public_trans_commun/index_e.shtml**.

2.2 Program Activity 2: Policy, Knowledge and Partnership Development

Table 2.8: Financial Resources ($ thousands)

Planned Spending	Authorities	Actual Spending
17,401	18,428	13,773

Table 2.9: Human Resources (FTEs)

Planned	Actual	Difference
73	63	10

Policy Development

Infrastructure Canada works with its partners to identify and assess public infrastructure needs, to evaluate priorities and funding pressures and to develop policy options for the Minister's consideration.

Results Achieved

In 2006-2007, Infrastructure Canada continued to deliver high quality and timely policy support and advice to develop strategic policies based on sound knowledge and strong partnerships.

Specific results achieved include:

- Providing policy support to the Minister through the consultations on and development of, a long-term comprehensive infrastructure plan to meet Canada's infrastructure needs and provide stable, predictable and long-term infrastructure funding to provinces, territories and municipalities. The result of this process, the *Building Canada* Infrastructure Plan, was announced in Budget 2007 as part of an unprecedented seven year, $33 billion investment for public infrastructure of various types across Canada;
- Conducting interim due diligence studies of the funding eligibility of project proposals under CSIF and BIF and providing project selection advice, based on the due diligence process, to the Minister;

- Providing ongoing policy support, advice and timely information to the Minister on broad infrastructure policy and project priorities;
- Providing parliamentary and cabinet support to the Minister to ensure that Infrastructure Canada perspectives are incorporated in relevant Parliamentary, Cabinet, interdepartmental and portfolio briefing and policy documents; and
- Continuing to maintain, foster and enhance strong partnerships with federal departments and key stakeholders through ongoing and regular consultation and discussion.

Knowledge and Partnership Development

Infrastructure Canada, with its partners, seeks to build capacity and develop and share knowledge about infrastructure, cities and communities through research, communications and partnership initiatives. This program recognizes the need to improve our understanding of Canada's public infrastructure and develop, in partnership with others, best practices to improve the safety and efficiency of how Canada's infrastructure is built and maintained. During the reporting period, Infrastructure Canada had six main research priorities:

- The state of infrastructure in Canada's communities;
- Communities, cities and public infrastructure;
- The economic, social, cultural and environmental impacts of public infrastructure on communities;
- Financing mechanisms for public infrastructure and communities;
- Technology, innovation and transformative infrastructure; and
- Governance issues related to public infrastructure and communities.

In each of these areas, specific issues had been identified in light of Infrastructure Canada's short-term and medium-term policy and operational activities. These issues were communicated publicly on the organization's Research Gateway at **http://www.infrastructure.gc.ca/research-recherche/index_e.shtml**.

The cornerstone of Infrastructure Canada's research role is the Research Strategy, with its three objectives:

- ***Knowledge generation:*** To create new, more multi-disciplinary insights on infrastructure, cities and communities issues;
- ***Community building:*** To increase research capacity by fostering stronger research networks; and
- ***Knowledge transfer:*** To ensure research results are useable and available to researchers and policy-makers concerned with the sustainability of public infrastructure and communities.

Results Achieved

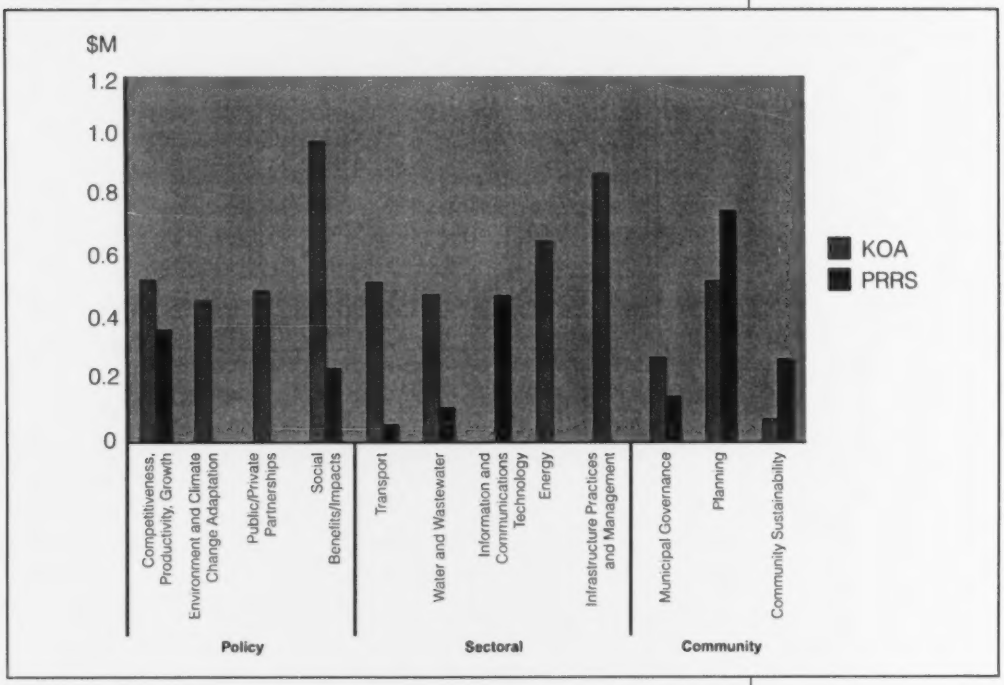
a) Knowledge Generation

Infrastructure Canada has developed its five-year research funding initiative to generate knowledge and complement its objectives on community building and knowledge transfer. This initiative comprises two programs:

- **Knowledge-building, Outreach and Awareness (KOA) Program:** In 2006-2007, Infrastructure Canada conducted the third call for KOA proposals. The Program was also used to provide targeted support to a research project led by the Commonwealth Local Government Forum. As a result, nine new contribution agreements were signed with a total value exceeding $800,000 to be disbursed during this and the following two fiscal years; and
- **Peer-Reviewed Research Studies (PRRS) Program:** In 2006-2007, Infrastructure Canada continued its relationship with the Social Sciences and Humanities Research Council and the Natural Sciences and Engineering Research Council, with the two granting councils assisting with the delivery of the Program, in particular the peer review process. In June 2006 the second call for proposals under the Program was launched and five successful proposals were selected for funding. However, only two of these proposals resulted in contribution agreements signed during the reporting period, with a combined value of more than $110,000, to be disbursed during the following two fiscal years. Agreements for the remaining three proposals will be finalized in early 2007-2008.

Figure 2E illustrates the distribution of KOA and PRRS projects by subject area, with a total funding allocation in excess of $8.4 million as of March 31, 2007.

Figure 2E: KOA and PRRS Contributions Allocated as of March 31, 2007. Total Value: $8.4 million



For more information about these two research programs visit **http://www.infrastructure.gc.ca/research-recherche/fun-fin/index_e.shtml**.

Infrastructure Canada completed 10 in-house research studies in 2006-2007 including *The Path Towards Sustainability: An Evaluation of the "Sustainability-ness" of Selected Municipal Plans in Canada; Productivity and Infrastructure: A preliminary review of the literature; and Infrastructure and Identity:* Building Canada – *People and Projects that Shaped the Nation,* that are available at **http://www.infrastructure.gc.ca/research-recherche/result/index_e.shtml**.

In 2006-2007, Infrastructure Canada finalized its work with Statistics Canada on three major projects that have resulted in the development of a robust concept of public infrastructure, as well as inventories of stocks and investments in infrastructure assets. The results of the three studies are posted on the Horizontal Research Roundtable on Infrastructure (HRRI) web portal, available to HRRI members and to federal government officials.

In 2006-2007, Infrastructure Canada successfully concluded its work on a two-year research project with the International Futures Program of the Organization for Economic Co-operation and Development (OECD). The international project examined the opportunities and challenges facing the infrastructure sector worldwide over the next 30 years, with the aim of developing policy recommendations for OECD governments to enhance the contribution of infrastructure to economic and social development. The results were included in the OECD report:

- *Infrastructure to 2030: Telecom, Land Transport, Water and Electricity* estimates global infrastructure needs over the next two decades and identifies the key challenges countries will face in meeting these needs. This report can be viewed at **http://www.oecd.org/document/60/0,3343,en_2649_36240452_36964924_1_1_1_1,00.html**.

The Department also completed its Infrastructure Canada – Canada West Foundation collaborative project. The resulting study report, *New Tools for New Times – A Sourcebook for the Financing, Funding and Delivery of Urban Infrastructure*, describes the winning conditions for a broad range of financing mechanisms for infrastructure development and assesses the suitability of these mechanisms in meeting specific municipal infrastructure needs and formats. The Sourcebook also presents some possible implications for the federal government. See this report at **http://www.cwf.ca/V2/modules/map.php**.

Infrastructure Canada provided administrative and research assistance to the External Advisory Committee on Cities and Communities (EACCC) until the completion of its final report, *From Restless Communities to Resilient Places: Building a Stronger Future for All Canadians*, submitted in June 2006. To view the Report, visit **http://www.infrastructure.gc.ca/eaccc-ccevc/rep-rap/index_e.shtml**.

b) Community Building

Infrastructure Canada is exploring ways to develop more effective and innovative intergovernmental relationships to help address the complex, inter-related challenges that affect Canada's economic prosperity and quality of life.

In June 2006, the Alberta Trilateral Partnership on Community Sustainability was created. The partnership involves officials from federal and provincial government departments, the cities of Edmonton and Calgary and Alberta's two municipal associations. Over the past year, working groups identified key issues and developed action plans in four priority areas: immigration and labour market; Wood Buffalo region; programs inventory; and affordable housing.

Infrastructure Canada played a leading role in Canada's preparations to host the UN-HABITAT's 3rd World Urban Forum, held in Vancouver in June 2006.

c) Knowledge Transfer

Over the past few years, Infrastructure Canada developed the Research Gateway to share infrastructure research and knowledge with researchers, policy-makers and other users. During 2006-2007, enhancements to the Research Gateway (see **http://www.infrastructure.gc.ca/research-recherche/index_e.shtml**) included new research studies, tools and links, as well as information about research projects funded through Infrastructure Canada's two research funding programs. Additions and upgrades have also been made to the on-line Register of Research (see **http://www.infrastructure.gc.ca/research-recherche/reg/index_e.shtml**).

In 2006-2007 Infrastructure Canada continued to develop its federal research network. This consisted mainly of the working level HRRI. The objective of the HRRI is to undertake, collaborate on and share research on infrastructure, cities and communities

and to ensure that research findings are effectively transferred to policy work and processes across the federal government. Infrastructure Canada hosted three HRRI events to share and develop knowledge in each of its research priority areas:

- In April 2006: **Presentation on Costing Mechanisms to Facilitate Sustainable Community Planning**;
- In September 2006: **Presentation on Innovative Options for Financing, Funding and Providing Municipal Infrastructure by the Canada West Foundation**; and
- Also in September 2006: **Tools to Assess the Social and Cultural Impacts of Infrastructure on Communities.**

Infrastructure Canada also established a new web portal for the HRRI to facilitate the activities of the roundtable and related research collaboration among its members. It features up-to-date research documentation and an evergreen calendar of upcoming HRRI and other infrastructure research events. Access to the web portal is restricted to HRRI members and Government of Canada officials.

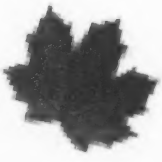
These on-line resources were augmented by the *InfraGuide* project that identified and disseminated best practices, and encouraged innovation to support sustainable municipal infrastructure decisions and actions to protect and enhance the quality of life of Canadians. As this project concluded in February 2007, the Department is considering alternatives to achieve similar objectives on a continuing basis.

In 2006-2007, Infrastructure Canada hosted two workshops:

- *Creating the Winning Conditions for Technological Innovation in Municipal Water and Wastewater Infrastructure – A Policy Discussion*, in May 2006, as part of the Policy Research Initiative's conference on Freshwater for the Future; and
- *Research to Action*, held at the end of November 2006, which brought together researchers from the two research funding programs, along with members of the HRRI and other federal government officials. Participants shared their research results and discussed the challenges and opportunities of applying these results at the policy level.

In 2006-2007, Infrastructure Canada continued its international collaboration to develop and maintain partnerships with multilateral organizations (OECD, World Bank, UN-HABITAT, Commonwealth Local Government Forum, etc.) and other nations to generate and communicate knowledge in support of sound policy making.

Infrastructure Canada also provided significant input and research assistance to the World Bank's international pilot study to develop global city indicators. In January 2007, Infrastructure Canada hosted a workshop in Montreal for the participating cities to discuss and further develop the draft city indicators that are now being tested, with results to be presented by the World Bank at the World Urban Forum in 2008.



Section III: Supplementary Information

3.1 Organizational Information

The Honourable Lawrence Cannon is the Minister responsible for the Transport, Infrastructure and Communities portfolio.[7]

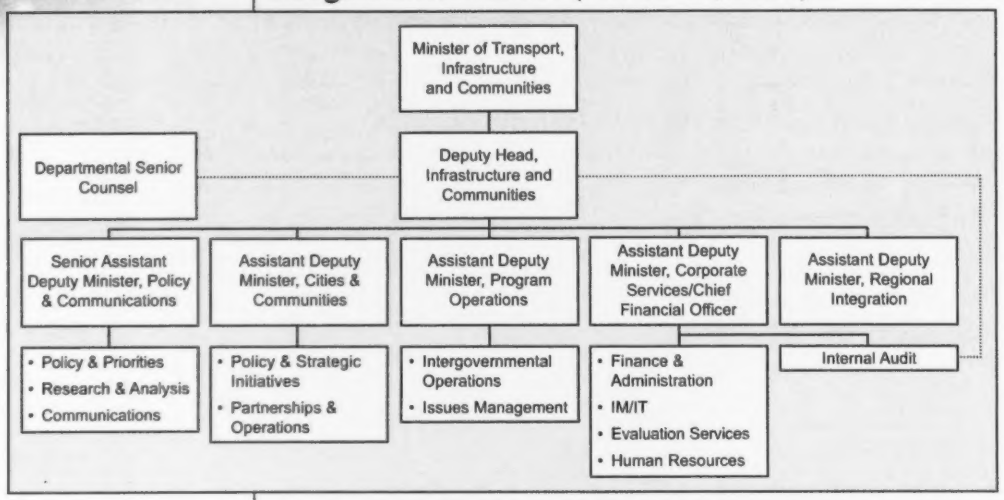
Infrastructure Canada is headed by a Deputy Head, Louis Ranger, who reports to the Minister. The Deputy Head was supported in 2006-2007 by five Assistant Deputy Ministers and a Departmental Senior Counsel:

- Senior Assistant Deputy Minister, Policy and Communication: John Forster
- Assistant Deputy Minister, Cities and Communities: Yazmine Laroche
- Assistant Deputy Minister, Program Operations: Carol Beal
- Assistant Deputy Minister, Corporate Services/Chief Financial Officer: David Cluff
- Assistant Deputy Minister, Regional Integration: Gary Webster
- Departmental Senior Counsel: Richard Ouellet

Infrastructure Canada's organizational structure is presented in Figure 3A.

7 On February 6, 2006, Infrastructure Canada became part of the Transport, Infrastructure, and Communities Portfolio under the responsibility of the Minister of Transport, Infrastructure and Communities.

Figure 3A: Infrastructure Canada Organization Chart (March 31, 2007)


Minister of Transport, Infrastructure and Communities
Departmental Senior Counsel
Deputy Head, Infrastructure and Communities
Senior Assistant Deputy Minister, Policy & Communications
Assistant Deputy Minister, Cities & Communities
Assistant Deputy Minister, Program Operations
Assistant Deputy Minister, Corporate Services/Chief Financial Officer
Assistant Deputy Minister, Regional Integration
• Policy & Priorities
• Research & Analysis
• Communications
• Policy & Strategic Initiatives
• Partnerships & Operations
• Intergovernmental Operations
• Issues Management
• Finance & Administration
• IM/IT
• Evaluation Services
• Human Resources
Internal Audit

Departmental Partners

Infrastructure Canada collaborates with other federal departments and agencies to deliver its infrastructure programs; e.g., Indian and Northern Affairs Canada works with Infrastructure Canada to implement projects in the territories and those that involve First Nations in the provinces. Infrastructure Canada also works closely with Western Economic Diversification Canada, Industry Canada, Canada Economic Development for Quebec Regions, the Atlantic Canada Opportunities Agency and Transport Canada. Other federal partners include Environment Canada, Canada Mortgage and Housing Corporation and Public Works and Government Services Canada.

These departments and agencies share their knowledge of local needs and priorities, as well as their technical expertise, resources and governance structures and are critical to Infrastructure Canada's ability to fulfill its mandate. For transport-related projects from the Canada Strategic Infrastructure Fund and the Border Infrastructure Fund, Transport Canada provides the federal lead role while Infrastructure Canada provides a supportive role.

In addition to federal partners, Infrastructure Canada collaborates with provincial, territorial and municipal governments and associations, as well as universities, research institutes, civil society organizations, the private sector and other experts. This collaboration is intended to:

- Generate new, horizontal insights into infrastructure and place-based issues;

- Develop a stronger, more multi-disciplinary research community that can provide support for policy and decision makers in the multiple sectors involved in addressing Canada's infrastructure needs; and
- Gather, disseminate and communicate knowledge about infrastructure from and to key partners.

3.2 Supplementary Tables

Table 3.1: Comparison of Planned to Actual Spending (including Full-time Equivalents)

($ thousands)	2004-2005 Actual	2005-2006 Actual	2006-2007 Main Estimates	2006-2007 Planned Spending	2006-2007 Total Authorities	2006-2007 Actual
Infrastructure Investments (Revised PAA)			0	2,448,418	2,109,215	1,455,063
Policy, Knowledge and Partnership Development (Revised PAA)			0	17,401	18,428	13,773
Infrastructure and Communities (Previous PAA)	227,901	1,503,085	1,824,127	0	0	0
Crown Corporations Portfolio Management (Previous PAA)	22,468	24,251	22,989	2,492	0	0
Total	**250,369**	**1,527,336**	**1,847,116**	**2,468,311**	**2,127,643**	**1,468,836**
Plus: Cost of services received without charge	0	2,440		1,967		2,298
Total Departmental Spending	**250,369**	**1,529,776**	**1,847,116**	**2,470,278**	**2,127,643**	**1,471,134**

Full Time Equivalents	**179**	**180**		**220**		**184**

Explanatory Notes:

- The variance between total authorities and actual spending in 2006-2007 is due mainly to two factors:
  - finalization of contribution agreements for programs such as CSIF and BIF took longer than originally anticipated, therefore delaying the initiation of reimbursement of project claims to recipients;
  - reduced cash requirements by recipients for the current year, based on cash flow projections for MRIF, BIF and CSIF.
- All lapsed contribution funding in 2006-2007 will be carried forward to future years to align with recipient cash flow requirements.

Table 3.2: Use of Resources by Program Activities ($ thousands)

2006-2007					
	Budgetary			Plus: Non-Budgetary	
Program Activity – PA	Operating	Grants and Contributions	Total Budgetary	Loans, Investments and Advance	Total
Infrastructure Investments (Revised PAA)					
Main Estimates			0	0	0
Planned Spending	27,943	2,420,475	2,448,418	0	2,448,418
Total Authorities	29,166	2,080,049	2,109,215	0	2,109,215
Actual Spending	25,903	1,429,160	1,455,063	0	1,455,063
Policy, Knowledge and Partnership Development (Revised PAA)					
Main Estimates			0	0	0
Planned Spending	12,196	5,205	17,401	0	17,401
Total Authorities	13,271	5,157	18,428	0	18,428
Actual Spending	9,142	4,631	13,773	0	13,773
Infrastructure and Communities (Previous PAA)					
Main Estimates	36,958	1,787,169	1,824,127	0	1,824,127
Planned Spending	0	0	0	0	0
Total Authorities	0	0	0	0	0
Actual Spending	0	0	0	0	0
Crown Corporations Portfolio Management (Previous PAA)					
Main Estimates	20,497	0	20,497	2,492	22,989
Planned Spending	0	0	0	2,492	2,492
Total Authorities	0	0	0	0	0
Actual Spending	0	0	0	0	0
Total Department					
Main Estimates	57,455	1,787,169	1,844,624	2,492	1,847,116
Planned Spending	40,139	2,425,680	2,465,819	2,492	2,468,311
Total Authorities	42,437	2,085,206	2,127,643	0	2,127,643
Actual Spending	35,044	1,433,792	1,468,836	0	1,468,836

Explanatory Notes:

- This table shows the realignment of the former Program Activity Architecture, as printed in the Main Estimates 2006-2007, to the new PAA, as printed in the Public Accounts for 2006-2007. This includes the impact of the transfer out of the Crown Corporation Portfolio Management to Transport Canada, and the creation of two new activities from the former Infrastructure and Communities activity to better report on results.
- The variance between total authorities and actual spending is explained in Table 3.1 and is mostly attributable to the signing of contribution agreements later than originally anticipated, and cash flow adjustments requested by recipients.

Table 3.3: Voted and Statutory Items ($ thousands)

Vote or Statutory Item	Truncated Vote or Statutory Wording	2006-2007			
		Main Estimates	Planned Spending	Total Authorities	Actual
55	Operating expenditures	37,103	38,778	39,987	32,593
60	Contributions	1,787,169	2,406,680	2,066,093	1,414,680
65	Payments to Old Port of Montreal Corporation Inc.	18,800	0	0	0
L70	Payments to Queens Quay West Land Corporation	2,492	2,492	0	0
(S)	Payments to the Public Transit Fund		19,000	19,112	19,112
(S)	Contributions to Employee Benefit Plans	1,552	1,361	2,451	2,451
Total Department		**1,847,116**	**2,468,311**	**2,127,643**	**1,468,836**

Explanatory Notes:

- The lapse in Vote 55 – Operating budget is attributable partly to reduced salary spending reflecting a higher number of staff vacancies than anticipated, and reduced spending requirements following the transfer of the department to the Transport, Infrastructure and Communities portfolio, resulting in savings in the operations of a Minister's Office and a Deputy Head's Office. The lower spending is also related to the slowdown in spending on the contribution management system (SIMSI) due to the need to get the appropriate authorization and then the appropriate contract in place.
- The lapse in Vote 60 – Contributions is explained in the narrative for Table 3.1 and 3.2.
- Variances in Planned Spending compared to Actual Spending for Vote 65 and Vote L70 reflect the transfer of these Crown corporations to Transport Canada in 2006-2007.

Table 3.4: Services Received Without Charge ($ thousands)

	2006-2007
Accommodation provided by Public Works and Government Services Canada (PWGSC)	1,122
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	1,176
Total 2006-2007 Services received without charge	**2,298**

Table 3.5: Details on Transfer Payment Programs (TPPs)

Infrastructure Canada managed the following Transfer Payment Programs in excess of $5 million:

- Contributions under the Canada Strategic Infrastructure Fund;
- Contributions under the Border Infrastructure Fund;
- Contributions under the Municipal Rural Infrastructure Fund;
- Transfer Payments under the Gas Tax Fund; and
- Contributions under the Public Transit Fund.

For further information on the above-mentioned transfer payment programs see: **http://www.tbs-sct.gc.ca/dpr-rmr/0607/info/tpp-ppt_e.asp**.

Table 3.6: Reporting on Horizontal Initiatives

The objective of reporting on Horizontal Initiatives is to provide Parliamentarians, the public and the government with an overall picture of public expenditures, plans, priorities and achievements for all major horizontal initiatives.

A Horizontal Initiative is an initiative in which partners from two or more organizations have agreed, under a formal funding agreement, to work towards the achievement of shared outcomes. Over the last year, Infrastructure Canada led in four horizontal initiatives; i.e., Canada Strategic Infrastructure Fund, Border Infrastructure Fund, Municipal Rural Infrastructure Fund and Peer Reviewed Research Studies and coordinated one horizontal initiative; i.e., Infrastructure Canada Program.

Supplementary information on the above-mentioned Horizontal Initiatives can be found at **http://www.tbs-sct.gc.ca/rma/eppi-ibdrp/hrdb-rhbd/profil_e.asp**.

Table 3.7: Financial Statements of Infrastructure Canada (Unaudited)

Office of Infrastructure of Canada

Financial Statements (Unaudited)

For the Year Ended March 31, 2007

Office of Infrastructure of Canada

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007 and all information contained in these statements rests with departmental management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the department's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act,* are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the department.

Management has established a Departmental Audit Committee (DAC) that provides leadership oversight and advice in the spirit of the Treasury Board policy on Internal Audit and Directive on Departmental Audit Committees. The Committee is chaired by the Deputy Head and membership includes the Assistant Deputy Ministers of the department. The DAC is responsible for exercising active oversight of core areas of departmental control and accountability which includes reviewing the departmental financial statements and all significant accounting estimates and judgments therein.

The financial statements of the department have not been audited.

Louis Ranger
Deputy Head

David Cluff
Senior Financial Officer

Signed at Ottawa, ON
August 10, 2007

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Office of Infrastructure of Canada
Statement of Operations *(Unaudited)*
For the Year Ended March 31
(in thousands of dollars)

Expenses	2007	2006 (Restated - Note 13)
Transfer payments (Note 4)	1,427,383	1,487,519
Operating expenses (Note 5)	35,896	39,965
Other expenses		
Loss on loan write-off (Note 6)	-	31,300
Total expenses	**1,463,279**	**1,558,784**
Revenues (Note 7)	**9**	**15,793**
Net Cost of Operations	**1,463,270**	**1,542,991**

The accompanying notes form an integral part of these financial statements.

3

Office of Infrastructure of Canada
Statement of Financial Position *(Unaudited)*
At March 31
(in thousands of dollars)

	2007	2006 (Restated - Note 13)
Assets		
Financial assets		
Accounts receivable and advances (Note 8)	44,676	59,255
Total financial assets	**44,676**	**59,255**
Non-financial assets		
Tangible capital assets (Note 9)	11,639	10,336
Total non-financial assets	**11,639**	**10,336**
TOTAL	**56,315**	**69,591**
Liabilities		
Accounts payable	4,340	2,257
Accrued and other liabilities	58,604	324,384
Vacation pay and compensatory leave	659	809
Employee severance benefits (Note 10)	3,020	2,940
Total liabilities	**66,623**	**330,390**
Equity of Canada	**(10,308)**	**(260,799)**
TOTAL	**56,315**	**69,591**

Contractual obligations (Note 11)
The accompanying notes form an integral part of these financial statements.

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Office of Infrastructure of Canada
Statement of Equity of Canada (Unaudited)
At March 31
(in thousands of dollars)

	2007	2006 (Restated - note 13)
Equity of Canada, beginning of year	(260,799)	21,163
Prior Year Adjustment	11	-
Net cost of operations	(1,463,270)	(1,542,991)
Current year appropriations used (Note 3)	1,468,812	1,527,336
Revenue not available for spending	(6,637)	(16,453)
Change in net position in the Consolidated Revenue Fund (Note 3)	249,277	(252,294)
Services provided without charge (Note 12)	2,298	2,440
Equity of Canada, end of year	(10,308)	(260,799)

The accompanying notes form an integral part of these financial statements.

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Office of Infrastructure of Canada
Statement of Cash Flow *(Unaudited)*
For the year ended March 31
(in thousands of dollars)

	2007	2006 (Restated - Note 13)
Operating activities		
Net cost of operations	1,463,270	1,542,991
Non-cash items:		
Amortization of tangible capital assets (Note 9)	(2,054)	(1,220)
Loss on loan write-off	-	(31,300)
(Loss) Gain on disposal of tangible capital assets	(1)	-
Services provided without charge (Note 12)	(2,298)	(2,440)
Variations in Statement of Financial Position:		
Decrease (increase) in liabilities	263,757	(277,537)
Increase (decrease) in receivables	(14,579)	24,434
Increase (decrease) in prepaid expenses	-	(230)
Cash used by operating activities	**1,708,095**	**1,254,698**
Capital investment activities		
Net acquisition of tangible capital assets (Note 9)	3,357	3,891
Cash used by capital investment activities	**3,357**	**3,891**
Financing activities		
Net cash provided by Government of Canada	**(1,711,452)**	**(1,258,589)**

The accompanying notes form an integral part of these financial statements.

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Office of Infrastructure of Canada

Notes to the Financial Statements (Unaudited)

1. Authority and Objectives

The Office of Infrastructure of Canada (INFC) was created in 2002 as a separate organization under Schedule I.1 of the *Financial Administration Act*. The applied name for this organization is Infrastructure Canada (INFC).

INFC was established to lead the Government of Canada's effort to address the infrastructure challenges of Canadian cities, communities and regions through research, policies and transfer payment programs. Order in Council 2004-325 authorizes the Minister to enter into transfer payment agreements and contracts related to infrastructure initiatives in Canada. One of the major funding programs managed by the Office is the Canada Strategic Infrastructure Fund, which operates under the authority of its own act, the *Canada Strategic Infrastructure Fund Act*, resulting from the Budget Implementation Act, 2001.

As well, the Department has been mandated to be the federal focal point for cities and communities agenda. As part of this agenda, INFC is responsible for the sharing of federal gas tax revenue with Canada's cities and communities in addition to initiatives related to funding of public transit infrastructure.

In 2005-06, INFC was also responsible for four Crown Corporations including the Canada Lands Company Limited, the Old Port of Montreal Corporation Inc., Parc Downsview Park Inc., and Queens Quay West Land Corporation. Each of these Crown corporations supports federal commitments to cities and communities through activities such as redeveloping surplus federal lands to meet community needs, and providing green space in urban areas. As part of government restructuring, responsibility for these Crown corporations was transferred to Transport Canada. This change is reflected in the financial statements for 2006-07.

INFC is funded mostly through annual appropriations received from the Parliament of Canada and is not taxable under the provisions of the *Income Tax Act*.

As of February 6, 2006, INFC reports to the Minister of Transport, Infrastructure and Communities.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations – the Department is financed by the Government of Canada mostly through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

(b) Net Cash Provided by Government – The department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by the department are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

(c) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non respendable revenue recorded by the department. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d) Revenues:

- Revenues from regulatory fees are recognized in the accounts based on the services provided in the year.
- Other revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e) Expenses – Expenses are recorded on the accrual basis:

- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement;
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee future benefits:

i. Pension benefits: Eligible employees participate in the Public Service Pension Plan *(Public Service Superannuation Act)*, a multi-employer plan administered by the Government of Canada. The department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.

ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts receivables and advances are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of $10,000 or more are recorded at their acquisition cost. The department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections. Amortization of

tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	Amortization period
Informatics Hardware	5 to 10 years
Informatics Software - Purchased	3 years
Informatics Software – Developed	7 years
Vehicles	5 years
Leasehold improvements	period of lease

(l) Measurement uncertainty —The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The Department receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to current year appropriations used:
(in thousands of dollars)

	2007	2006 (Restated - Note 13)
Net cost of operations	1,463,270	1,542,991
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Revenue not available for spending	6,637	16,452
Vacation pay and compensatory leave	150	69
Loss on loan write-off	-	(31,300)
Loss on disposal of capital assets	(1)	-
Employee Severance Benefits	(79)	(808)
Other	(171)	(299)
Amortization of tangible capital assets	(2,054)	(1,220)
Services provided without charge	(2,298)	(2,440)
	1,465,454	1,523,445
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisitions of tangible capital assets	3,381	3,891
Proceeds from disposal of capital assets	(23)	-
Current year appropriations used	**1,468,812**	**1,527,336**

(b) Appropriations provided and used

(in thousands of dollars)	Appropriations Provided 2007	2006
Vote 1 - Operating expenditures	-	43,911
Vote 5 - Contributions	-	785,444
Vote 55 - Operating Expenditures	39,962	-
Vote 60 - Contributions	2,066,093	-
Statutory amounts	21,539	965,362
Less:		
Lapsed appropriations: Operating	(7,369)	(6,640)
: Contributions	(651,413)	(260,741)
Current year appropriations used	**1,468,812**	**1,527,336**

(c) Reconciliation of net cash provided by Government to current year appropriations used

(in thousands of dollars)	2007	2006
Net cash provided by Government	1,711,452	1,258,589
Revenue not available for spending	6,637	16,453
Change in net position in the Consolidated Revenue Fund		
(Increase) decrease in accounts receivable and advances	14,580	(24,434)
Increase (decrease) in accounts payable and accrued liabilities	(263,768)	277,537
Other adjustments	(89)	(809)
	(249,277)	252,294
Current year appropriations used	**1,468,812**	**1,527,336**

4. Transfer payments
(in thousands of dollars)

	2007	2006
Programs		
Canada Strategic Infrastructure Fund	676,975	417,530
Gas Tax Fund	590,205	581,928
Municipal Rural Infrastructure Fund	81,566	11,067
Border Infrastructure Fund	51,220	72,301
Public Transit Fund	19,112	380,888
Harbourfront Centre	4,000	-
Research, Knowledge & Outreach Program	2,971	755
Infraguide	1,659	2,725
Old Port of Montreal Corporation	(325)	16,325
Queens Quay West Land Corporation	-	4,000
Total	**1,427,383**	**1,487,519**

During the year, an amount of $325,000 was refunded from the Old Port of Montreal related to a return of unused appropriation in the prior year.

In 2005-06, due to an oversight, separate votes for OPMC and QQWLC were not established in the Main Estimates. Based on consultation with Treasury Board Secretariat and the approval of Treasury Board, two new contributions were approved to provide payments to the OPMC and the QQWLC. Therefore, the following amounts appear under transfer payment expenditures as follows:

- OPMC – $16,325,000
- QQWLC - $4,000,000.

5. Operating expenses

(in thousand of dollars)	2007	2006 (Restated - Note 13)
Salaries and employee benefits	17,229	17,334
Professional and special services	7,914	10,625
Other services	2,113	2,877
Amortization of tangible capital assets	2,054	1,220
Rentals	1,498	1,238
Services provided without charge (Note 12): contributions to health & dental	1,176	1,141
Services provided without charge (Note 12): accommodation	1,122	1,299
Travel and relocation	1,020	1,293
Telecommunications	491	486
Office furniture & furnishing	363	1,097
Information services	352	369
Other operating expenses	340	22
Equipment repair and maintenance	224	964
Total	**35,896**	**39,965**

6. Loss on Loan Write-off

Queens Quay West Land Corporation, a Crown Corporation Incorporated under federal legislation was directed by Treasury Board to be dissolved by March 31, 2006. Government direction to dissolve was given to the Corporation by Order in Council on August 15, 2005. Accordingly, an outstanding loan of $31 million was written off in 2005-06.

7. Revenues

(In thousands of dollars)		
Dividends - Canada Lands Company Limited	-	11,000
Return of investment - Queens Quay West Land Corporation	-	4,793
Other Revenues	7	-
Gain on Disposal of Tangible Capital Assets	2	-
Total	**9**	**15,793**

8. Accounts receivable and advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	2007	2006
Receivables from other Federal Government departments and agencies	44,666	59,248
Receivables from external parties	7	-
Employee advances	3	7
Total	**44,676**	**59,255**

Since these accounts receivable are expected to be fully recoverable, no allowance for doubtful accounts has been established.

9. Tangible Capital Assets
(Restated – Note 13)

(in thousands of dollars)

Cost					Accumulated amortization					
Capital asset class	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2007 Net book value	2006 Net book value
Informatics Hardware	223	448	-	671	38	27	-	65	606	185
Informatics Software – Purchased	42	404	-	446	-	14	-	14	432	42
Informatics Software – Developed	12,011	2,428	-	14,439	1,929	2,004	-	3,933	10,506	10,082
Vehicles	53		(53)	0	26	3	(29)	0	0	27
Leasehold Improvements	-	101	-	101	-	6	-	6	95	-
Total	12,329	3,381	(53)	15,657	1,993	2,054	(29)	4,018	11,639	10,336

Amortization expense for the year ended March 31, 2007 is $2,054 (2006 - $1,220)

10. Employee Benefits

(a) Pension benefits: The department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2006-07 expense amounts to $1,806,454 ($1,883,732 in 2005-06), included in Salaries and employee benefits in the Statement of Operations, which represents approximately 2.2 times (2.6 in 2005-06) the contributions by employees.

The department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: The department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in thousands of dollars)	2007	2006
Accrued benefit obligation, beginning of year	2,940	2,132
Expense for the year	566	980
Benefits paid during the year	(486)	(172)
Accrued benefit obligation, end of year	3,020	2,940

11. Contractual Obligations

The nature of the department's activities can result in some large multi-year contracts and obligations whereby the department will be obligated to make future payments when the services/goods are received. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)	2008	2009	2010	2011	2012 and thereafter	Total
Gas Tax Fund	789,992	987,490	1,974,980	-	-	3,752,462
Other Transfer payments	728,627	431,026	192,814	35,547	10,367	1,398,381
Operating leases	1,116	182	1	-	-	1,299
Total	1,519,735	1,418,698	2,167,795	35,547	10,367	5,152,142

12. Related party transactions

The department is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the department received services which were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge:

During the year the department received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operation as follows:

(in thousands of dollars)	2007	2006
Accommodation	1,122	1,299
Employer's contribution to the health and dental insurance plans	1,176	1,141
Total	2,298	2,440

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the department's Statement of Operations.

(b) Payables outstanding at year-end with related parties:

(in thousand of dollars)	2007	2006
Accounts payable to other government departments and agencies	3,322	2,257

13. Restatement of 2005-06 Financial Statements to Reflect Capitalization of In-house Developed Software Costs

Since the inception of the department, the management of programs and projects within Infrastructure Canada has been largely executed through an in-house developed software named Shared Information Management System for Infrastructure (SIMSI). This software allows for two-way communications with stakeholders, timely management reporting and controls, and constant database availability, from the application stage, to contract initiation, execution, and finalization of the specific contractual funding activities.

The software platform, which was conceived and partially created (but not capitalized) in the period prior to the government policy on capitalization for fiscal 2001-02, was initially transferred in at the inception of Infrastructure Canada from the Treasury Board Secretariat, and has evolved over the years in order to accommodate all the programs that have come under the management of Infrastructure.

Initially, the service life of SIMSI was highly uncertain, due to the limited specified term of the funding initiatives supported by SIMSI, and given this uncertainty, capitalization and amortization of the software was not implemented.

However, the rate of increase in funding program activity managed by Infrastructure Canada, especially due to the implementation of the Gas Tax Fund in 2005-06, which sees augmented spending volume through 2009-10, is the impetus for re-evaluating the practice of expensing the annual spending on the SIMSI in-house program management software from 2001-02 to 2005-06. At the same time, the investment level on this management tool reached a point such that it merits visibility on the financial statements and acknowledgement of its long term value to the department.

This evaluation of the software investment, in context of the program portfolio as of 2005-06, indicated that it warranted a retrospective capitalization up to the point of substantial completion, which was achieved at the end of fiscal 2003-04, and that the system has a useful life best-estimated to run until the end of fiscal 2010-11, the point where currently managed funding programs are scheduled to be largely completed.

An adjustment has been made to the 2005-06 financial statements in order to reflect the spending on the asset between 2001-02 and 2005-06, as if the asset had been capitalized up to the point of substantial completion at the end of 2003-04, and straight-line amortization had been instigated from that point forward over the next seven years. The result of these actions, along with the treatment of spending on enhancements from the point of the beginning of the amortization as betterments, results in a gross capitalized spending total of $12.011M, a net asset of $10.082M as of March 31, 2006, and an increase in the Equity of Canada of this same net value of $10.082M.

As a result of the retroactive capitalization, the financial statements for the year ended March 31, 2006 have been restated as follows:

2005 (In thousands of dollars)	2006 Previously Stated	Revision	2006 Restated
Statement of Operations			
Amortization Expense	33	1,187	1,220
Professional and Special Services	14,126	(3,501)	10,625
Salary and Employee Benefits	17,612	(278)	17,334
Total Operating Expenses	42,557	(2,592)	39,965
Statement of Financial Position			
Tangible Capital Assets	254	10,082	10,336
Total Assets	59,509		69,591
Equity of Canada	(270,881)	10,082	(260,799)

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Section IV: Other Items of Interest

4.1 Departmental Administration and Management Initiatives

Infrastructure Canada's third Program Activity is Departmental Administration. The objective for this Activity is to promote excellence in program and corporate management in support of Infrastructure Canada's priorities. Departmental Administration consists of:

- The Office of the Deputy Head;
- Corporate Services;
- Communications; and
- Legal Services.

The Minister of Transport, Infrastructure and Communities, supported by the Deputy Head, is responsible for ensuring that Government priorities are pursued through the Transport, Infrastructure and Communities Portfolio. Infrastructure Canada is well-positioned to support the Government of Canada's unprecedented commitment to rebuild and modernize our country's infrastructure. Success requires all parts of the organization to recognize the complementary roles they play within the Portfolio, and their respective roles in supporting the Minister in his responsibilities to Parliament and Canadians.

Corporate Services

Divided into five key areas (Information Management and Information Technology, Finance and Administration, Human Resources, Evaluation and Internal Audit), Corporate Services not only provides support to all the employees of Infrastructure Canada, but also responds to the many requests from Central Agencies in reporting on the Department's accounts and activities. Corporate Services is also responsible for monitoring the implementation of policies and strategies to safeguard the integrity of the Department's financial planning and management programs.

Information Management and Information Technology

Information management and information technology (IM/IT) personnel provide advisory and technical services within Infrastructure Canada. IM/IT facilitates the management of several of Infrastructure Canada's funding programs through the **Shared Information Management System for Infrastructure (SIMSI).** SIMSI is a secure, user-friendly, bilingual, web-based information management system that enables provincial, territorial and municipal governments to apply online for project funding through the Infrastructure Canada Program (ICP). Implemented in August 2001, SIMSI continues to allow users to register projects online, monitor project status and access benefits and payment information. Various stakeholders and the public can also use SIMSI to obtain updates and information on various facets of the infrastructure program.

IM/IT has developed a business model based on service management principles to promote continuous improvement, implement central government policies (such as the Management of Government Information and the Management of Information Technology Security) and facilitate the delivery of services through the Shared Services Initiative. The model recognizes that IM/IT services should be client-driven and should meet business needs through a structured framework of good governance, best practices and processes and continuous improvement.

Over the next three years, IM/IT plans to focus on five key directions: Client/Culture, Planning and Standards, People/Organization, Services and Projects. In 2006-2007, IM/IT completed the following:

- Enhancements to SIMSI to include all provinces that have signed agreements for the Municipal Rural Infrastructure Fund and to support intake rounds with their municipalities;
- Creation of an IT security section, in response to the Treasury Board's Management of Information Technology Security requirements and promotion of a security culture within IM/IT; and
- Approval of the Information Management Policy for Infrastructure Canada in the area of information management, as required by the government-wide Management of Government Information policy.

Human Resources Strategy

Infrastructure Canada is an organization that respects the career aspirations of its employees, seeks their views and recognizes their achievements. As the Department continues to evolve, emphasis is being placed on optimizing human resources capacity to ensure the success of departmental operations. Infrastructure Canada's human resources strategy focuses on the following four key areas:

- ***Building the workforce:*** Infrastructure Canada is continuing its efforts to fill positions quickly and efficiently and to recruit the right mix of people with the knowledge, competencies and skills required to accomplish the work of the organization. The department is developing strategies such as collective staffing to target recruitment to fill the gaps, to identify learning needs and to provide employees with a roadmap for career development. Despite INFC's best efforts to recruit more employees, its population experienced no significant growth during 2006-2007.
- ***Public Service Modernization Act:*** Infrastructure Canada has successfully implemented all the essential requirements of the *Public Service Employment Act*, within established timeframes. A corporate priority for 2006-2007, the Department intensified its efforts to integrate business and human resources planning. A departmental human resources plan has been drafted. The Memorandum of Understanding with the Center for Values, Integrity and Conflict Resolution Office of Fisheries and Oceans Canada has been concluded, to provide informal conflict management services to employees and includes conflict management consultation (such as coaching, prevention and early intervention) and conflict resolution interventions (such as facilitated discussions, group intervention and mediation). Infrastructure Canada is an active member of the joint Labour Management Consultation Committee set up by a cluster of small agencies and departments.
- ***Representation:*** Infrastructure Canada is committed to ensuring that it has the capacity to communicate with and provide services to members of the public in the official language of their choice. The 2006-2007 Annual Review on Official Languages shows that the Department is successfully fulfilling this commitment. An Employment Equity (EE) self-identification campaign conducted in February and March of 2007 revealed that the Department's efforts to advance diversity within the Public Service have achieved remarkable success – overall targets for the four EE groups (Aboriginal peoples, persons with disabilities, visible minorities and women) have been surpassed. The focus now is to retain these employees and support their career development.

- ***Values and Ethics:*** Infrastructure Canada is committed to raising awareness among employees of the values and ethics of the Public Service. The Department is putting measures into place to ensure it meets both the spirit and intent of the *Federal Accountability Act*. A Senior Officer for Internal Disclosure has also been appointed, as required by the *Public Servants Disclosure Protection Act*.

Internal Audit

During 2006-2007, a number of initiatives were undertaken in response to both the new *Treasury Board Internal Audit Policy* that came into effect on April 1, 2006, (with a three-year phased implementation) and Infrastructure Canada's own internal audit plan of approved audits.

A proposal for incremental resources was prepared at the request of the Treasury Board Secretariat and staffing actions were initiated. As a result of stiff competition from both the public and private sectors, however and shortages in the audit professional group, the Department is encountering difficulties attracting senior-level qualified auditors with appropriate expertise. Insufficient capacity has caused some delays in the finalization of the audit reports (the Canada Strategic Infrastructure Fund, the Border Infrastructure Fund and Classification and Staffing),

The audit and evaluation functions in Infrastructure Canada were separated in 2006-2007 and new terms of reference for the Departmental Audit Committee (DAC) were drafted for the Deputy Head's signature, incorporating many of the requirements of the new *Treasury Board Internal Audit Policy*. In keeping with the Government of Canada's commitment to make audit committees much more independent from the management of the organizations they review, Infrastructure Canada's DAC now includes one member from Transport Canada. The DAC met five times during the year to review and discuss items that are now part of its broader mandate, (including risk management, the departmental financial statements and Public Accounts reporting), in addition to its traditional responsibilities related to internal audit and follow-up on management action plans developed to respond to audit reports and recommendations of the Auditor General.

Infrastructure Canada was among the 24 departments included in the horizontal audit of departmental delegation of financial authority, led by the Office of the Comptroller General, which reviewed departmental delegation instruments and related documents.

Significant audit work was done in 2006-2007 on the management control framework of the Canada Strategic Infrastructure Fund (CSIF) and the Border Infrastructure Fund (BIF). The terms of reference for a staffing and classification audit were also prepared.

During the last quarter of 2006-2007, a three-year risk-based internal audit plan was developed, for approval at the next meeting of the DAC.

Evaluation

In 2006-2007, the evaluation and audit function were separated, and the Executive Committee acts as Departmental Evaluation Committee (DEC). The DEC main responsibilities are to approve the INFC evaluation policy, annual evaluation plan, and evaluation and review reports; to resolve any contentious issues relating to evaluations; and to ensure that evaluation results are acted upon. The evaluation follow-up process has been put in place and information will be collected on a periodic basis.

The DEC approved the three-year Evaluation Plan, in January 2007. As part of the 2006-2007 plan, the *InfraGuide* project transition year evaluation was performed during the summer 2006. The findings of the evaluation indicated that the financial sustainability of the project faces significant risk due to the lack of commitment of some of the key stakeholders. However, it recognized that the Federation of Canadian Municipalities (FCM), which provided the lead role for this project, met most of its commitments with respect to products and activities.

Evaluation frameworks have been prepared for the Municipal Rural Infrastructure Fund (MRIF) and the Gas Tax Fund (GTF) and shared with the Treasury Board Secretariat's Center of Excellence in Evaluation. Due to contracting delays, these evaluations will be performed in 2007-2008. A scheduled implementation review, or mid-term evaluation, of the Public Transit Fund (PTF) was withdrawn as the one-year program was completed in 2006-2007. However, the PTF summative evaluation will be performed in conjunction with the GTF summative evaluation.

Risk Management

During 2006-2007, Infrastructure Canada completed the development of its first Corporate Risk Profile. The profile identifies a series of key risk areas and corresponding potential risk events as well as mitigation strategies, grouped under five corporate risk areas:

- Legislation, regulations and policy instruments;
- Program accountability;
- Managing relationships;
- Measuring performance and results; and
- Organizational effectiveness.

Within these key risk areas, the highest risks were identified as program-focused relationships, measuring performance and results and human resources capability and capacity. The development of a risk profile is just one aspect of an ongoing and integrated risk management process. In 2007-2008, work will continue to advance the Department's Integrated Risk Management (IRM) initiative, by monitoring corporate risk profile mitigation measures, drafting Infrastructure Canada's IRM Policy and developing branch or operational risk profiles.

Communications

The Communications Directorate informs Canadians about infrastructure policies, programs and projects that contribute to improving Canada's economy and environment and which support their communities. The Directorate also helps to ensure that the views of Canadians are considered in the development of new policies and programs. Communications initiatives are coordinated with Portfolio communications partner Transport Canada as well as regional development agencies and provincial, territorial and municipal governments.

Helping To Inform Canadians: During 2006-2007, the Communications Directorate issued 47 news releases and organized 27 media events across Canada. Federal partners also issued over 350 news releases and organized almost 200 events, in support of the infrastructure programs they deliver. Together, these efforts

resulted in national and regional print and television media coverage and stories in community media across the nation, helping to inform Canadians of significant infrastructure investments being made on their behalf. Also, the Communications Directorate fielded over 600 public inquiries and more than 60 media calls, providing information in response to their questions. The latter represents an 84 per cent increase in activity over last year.

Sharing Information With Stakeholders: To support outreach activities and share information with key stakeholder audiences, the Directorate prepared 36 speeches for the Minister and senior management and provided several articles for publication. The Communications Directorate also supported Infrastructure Canada's efforts at two major conferences, with the aim of raising awareness of federal infrastructure programs, cities' and communities' initiatives and associated research efforts. In June 2006, the annual conference of the Federation of Canadian Municipalities (FCM) in Montreal and the UN-HABITAT's World Urban Forum (WUF) in Vancouver succeeded in advancing knowledge of the Government of Canada's interest and investments in infrastructure and communities. As well, INFC partnered with Ontario's Public Infrastructure Renewal Ministry (Toronto, October 2006) and the Centre for Expertise and Research on Infrastructure in Urban Areas (Quebec City, November 2006) to support infrastructure-focused conferences.

Seeking Public Input: In February 2007, in seeking public input, the Communications Directorate scheduled 14 focus groups across the country to research Canadians' views and opinions on a variety of topics related to the Transport, Infrastructure and Communities Portfolio. Topics probed included quality of life, community priorities, economic growth and the environment; and understanding infrastructure and the federal role. To view the results, visit **http://www.infrastructure.gc.ca/mc-cm/pub_opinion/2007-06_e.shtml**.

4.2 Additional Information on Infrastructure Investment Programs

In addition to the information presented in Sections I and II, the following tables provide details concerning the projects announced or approved in 2006-2007, plus cumulative data, for the major investment programs delivered or coordinated by Infrastructure Canada: the Canada Strategic Infrastructure Fund (CSIF), the Border Infrastructure Fund (BIF), the Infrastructure Canada Program (ICP), the Municipal Rural Infrastructure Fund (MRIF), the Gas Tax Fund (GTF) and the Public Transit Fund (PTF).

Canada Strategic Infrastructure Fund (CSIF)

Table 4.1: CSIF Projects Announced During 2006-2007

Province	Date	Project	Category	Contribution ($M)
Prince Edward Island	May 5, 2006	Highway 2	Highway or rail infrastructure	7.5
Manitoba	July 6, 2006	Red River Floodway (Phase 2)	Flood control	42.0
	Feb. 23, 2007	Red River Floodway (Phase 3)	Flood control	170.5
Alberta	Aug. 29, 2006	Highway 63	Highway or rail infrastructure	150.0
Yukon	Sept. 7, 2006	Dawson City/Carmacks Sewage Treatment Systems	Water and sewage treatment	9.0
Ontario	May 25, 2006	Toronto International Film Festival Group: Festival Centre	Tourism or urban development	25.0[1]
	Dec. 20, 2006	Toronto's Evergreen at the Brickworks	Tourism or urban development	20.0
	March 6, 2007	Mississauga Bus Rapid Transit (BRT)	Public Transit	83.0
	March 6, 2007	Brampton 'Acceleride' Bus Rapid Transit (BRT)	Public Transit	95.0

Province	Date	Project	Category	Contribution ($M)
Quebec	April 6, 2006	Route 185	Highway or rail infrastructure	85.0[1]
	May 30, 2006	Autoroute 35 (highway component)	Highway or rail infrastructure	44.0[1]
	May 30, 2006	Autoroute 50	Highway or rail infrastructure	38.0[1]
	May 30, 2006	Dorval Interchange	Highway or rail infrastructure	55.0[1]
	Aug. 31, 2006	Atwater and Des Baillets Water Projects, Montréal	Water	58.5[1]
Nova Scotia	Feb. 24, 2007	Highways 104 and 125	Highway or rail infrastructure	15.0
New Brunswick	March 16, 2007	Saint John Harbour Clean-up	Water and sewage treatment	26.6
Total				**924.1**

Note:

- Columns may not add due to rounding.

1 Projects were listed in the 2005-2006 DPR as a "Priority for funding announced"; this fiscal year they are listed as "Announcement of commitment to fund".

Table 4.2 CSIF Program Expenditures and Announced Projects as of March 31, 2007

Jurisdiction	Total CSIF Funding ($M)	Number of Announced Projects as of March 31, 2007	CSIF Share of Announced Projects as of March 31, 2007 ($M)	Number of Signed Projects Agreements as of March 31, 2007	CSIF Share of Signed Project Agreements as of March 31, 2007 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2006-2007 ($M)
British Columbia		3	735.0	3	525.0	240.9	284.5
Alberta		3	300.0	2	150.0	44.3	68.2
Saskatchewan		5	120.0	4	92.7	48.8	27.3
Manitoba		3	347.5	3	135.0	42.8	74.0
Ontario		14	1,255.0	7	562.0	95.3	121.9
Quebec		11	674.4	3	64.9	10.2	9.7
New Brunswick		5	271.6	4	238.0	52.7	38.6
Nova Scotia		3	105.5	2	90.5	24.7	8.1
Prince Edward Island		7	30.0	3	11.2	1.7	8.3
Newfoundland & Labrador		3	60.0	3	60.0	16.2	21.2
Yukon		3	35.0	2	26.0	9.2	2.4
Northwest Territories		1	40.0	1	40.0	30.4	13.0
Nunavut		2	40.0	2	40.0	8.7	4.1
National Priority Projects[2]		4	150.0	5	129.8	-	-
Sub-total	**4,961.0**	**65[3]**	**4,164.0**	**44**	**2,165.2**	**626.0**	**681.2**
Federal Coordination/ Research	187.0						
Total	**5,148.0[1]**						

Notes:

1 **The original $4 billion allocation for CSIF has been supplemented by addition funding from various sources for the following projects:**

	($M)
New Brunswick Highways (New Brunswick)	140.0
GO Transit (Ontario)	65.0
Canada Line (British Columbia)	210.0
Échangeur Dorval (Quebec)	12.0
Toronto International Film Festival (Ontario)	25.0
Budget 2006 CSIF Top Up	750.0
Less: Transfer to Parks Canada for Banff National Park Trans Canada Highway Improvements	(50.0)
Spending Restraint – Smaller Ministry (Reduction taken by Department of Finance in 2007)	(4.0)
	1148.0

2 **National Priority Project Details:**

Manitoba Floodway (Manitoba)	40.0
Corridors for Canada (Northwest Territories)	25.0
National Satellite Initiative	70.2
Northwest Territories	7.0
Nunavut	7.8
	150.0

3 Although the sum of the column adds up to 67, the displayed total is 65 because the Corridors for Canada project in the Northwest Territories and the Manitoba Floodway project are double-counted under the provincial jurisdictions and the National Priority projects.

Border Infrastructure Fund (BIF)

Table 4.3: BIF Projects Announced During 2006-2007

Date	Project	Federal Contribution ($M)
May 30, 2006	QC: Autoroute 55	7.5
May 30, 2006	QC: Route 173 / Autoroute 73	51.5
May 30, 2006	QC: Autoroute 35 (border component)	13.0
Total		**72.0**

Notes:

- Columns may not add due to rounding.
- Projects were listed in the 2005-2006 DPR as a "Priority for funding announced"; this fiscal year they are listed as "Announcement of commitment to fund".

Table 4.4: BIF Expenditures and Announced Projects as of March 31, 2007

Jurisdiction	Total BIF Funding ($M)	Number of Announced Projects as of March 31, 2007	BIF Share of Announced Projects as of March 31, 2007 ($M)	Number of Signed Projects Agreements as of March 31, 2007	BIF Share of Signed Project Agreements as of March 31, 2007 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2006-2007 ($M)
British Columbia		2	90.0	1	88.0	43.2	19.2
Alberta		-	-	-	-	-	-
Saskatchewan		1	5.0	1	5.0	1.9	0.1
Manitoba		-	-	-	-	-	-
Ontario		4	338.1	3	158.1	59.6	28.5
Quebec		3	72.0	-	-	-	-
New Brunswick		1	30.0	1	30.0	6.3	5.4
Nova Scotia		-	-	-	-	-	-
Prince Edward Island		-	-	-	-	-	-
Newfoundland & Labrador		-	-	-	-	-	-
Yukon		-	-	-	-	-	-
Northwest Territories		-	-	-	-	-	-
Nunavut		-	-	-	-	-	-
Sub-total	**535.1**	**11**	**535.1**	**6**	**281.1**	**111.1**	**53.1**
Federal Coordination	46.9	-	46.9				
Total	**582.0**[1]	**11**	**582.0**[1]				

1 The total allocation for BIF excludes $3 million, which was transferred to the Canada Border Services Agency for the Border Modelling project and $15 million which was transferred for the new border facility at St. Stephen, New Brunswick.

Infrastructure Canada Program (ICP)

Table 4.5: ICP Expenditures and Approved Projects as of March 31, 2007

Jurisdiction	ICP Funding Allocation ($M)	Number of Approved Projects as of March 31, 2007	ICP Share of Approved Projects as of March 31, 2007 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2006-2007 ($M)
British Columbia	268.5	310	263.6	178.2	57.5
Alberta	171.0	778	166.7	142.2	17.1
Saskatchewan	56.7	365	55.5	51.8	2.4
Manitoba	60.9	174	60.3	54.4	3.5
Ontario	680.7	533	665.5	529.9	86.6
Quebec	515.5	900	507.2	293.8	91.1
New Brunswick	54.4	93	53.6	52.0	1.6
Nova Scotia	65.3	146	64.4	52.2	9.2
Prince Edward Island	12.8	81	12.6	12.4	0.4
Newfoundland & Labrador	51.2	381	50.1	38.3	8.6
Yukon	2.5	8	2.5	2.5	0.0
Northwest Territories	3.0	12	3.0	3.0	0.0
Nunavut	2.1	5	2.1	2.1	0.0
First Nations	31.1	97	30.4	29.4	1.0
Sub-total	**1,976.0**	**3,883**	**1,937.6**	**1,442.2**	**279.1**
Federal Coordination/*InfraGuide*	74.0				
Total	**2,050.0**				

Note:

- Columns may not add due to rounding.

Municipal Rural Infrastructure Fund (MRIF)

Table 4.6: MRIF Expenditures and Approved Projects as of March 31, 2007

	MRIF Funding ($M)	Number of Approved Projects as of March 31, 2007	MRIF Share of Approved Projects as of March 31, 2007 ($M)	Federal Expenditures in Previous Years ($M)	Federal Expenditures in 2006-2007 ($M)
British Columbia	75.0	-	0.0	0.0	0.0
Alberta	107.0	43	65.0	0.0	0.0
Saskatchewan	45.0	213	37.2	2.2	6.7
Manitoba	49.0	60	36.9	4.7	6.8
Ontario	362.0	280	288.8	2.7	47.6
Quebec	235.0	111	111.6	0.0	6.8
New Brunswick	40.0	40	28.2	0.4	9.1
Nova Scotia	45.0	69	34.6	0.0	0.0
Prince Edward Island	22.0	75	10.9	0.0	3.7
Newfoundland & Labrador	33.0	34	7.8	0.0	0.1
Yukon	19.0	17	12.8	0.0	0.8
Northwest Territories	19.0	20	12.3	0.0	0.0
Nunavut	19.0	1	2.2	0.0	0.0
First Nations	30.0	-	-	-	-
Sub-total	**1,100.0**	**963**	**648.2**	**10.0**	**81.6**
Federal Coordination	40.0				
CSIF – BC Rapid Transit[1]	60.0				
Total	**1,200.0**				

Note:

- Columns may not add due to rounding.

1 The CSIF Vancouver Rapid Transit "Canada Line" project is receiving $60M in funding from British Columbia's share of the MRIF program.

Gas Tax Fund

Table 4.7: Gas Tax Funds Allocation and Expenditures

Jurisdiction	Total 2005-2010 Allocation ($M)	2006-2007 Allocation ($M)	Federal Expenditures in 2006-2007 ($M)	Federal Expenditures as of March 31, 2007 ($M)
British Columbia	635.6	76.3	76.3	152.5
Alberta	476.9	57.2	57.2	114.5
Saskatchewan	147.7	17.7	17.7	35.5
Manitoba	167.2	20.1	20.1	40.1
Ontario	1,865.5	223.9	223.2	446.3
Quebec	1,151.0	138.1	138.1	276.2
New Brunswick	116.1	13.9	7.0	20.9
Nova Scotia	145.2	17.4	17.4	34.8
Prince Edward Island	37.5	4.5	2.2	6.7
Newfoundland & Labrador	82.2	9.9	19.7	19.7
Yukon	37.5	4.5	4.5	9.0
Northwest Territories	37.5	4.5	2.2	6.7
Nunavut	37.5	4.5	4.5	9.0
First Nations	62.6	7.5	0.0	0.0
Total	**5,000.0**	**600.0**	**590.2**	**1,172.1**

Note:

- Columns may not add due to rounding.

Public Transit Fund

Table 4.8: Public Transit Funds Flowed 2006-2007*

Jurisdiction	Allocation ($M)	Federal Expenditures in 2005-2006 ($M)	Federal Expenditures in 2006-2007 ($M)
British Columbia	52.5	52.5	-
Alberta	40.1	40.1	-
Saskatchewan	12.5	12.5	-
Manitoba	14.7	14.7	-
Ontario	155.2	155.2	-
Quebec	94.4	94.4	-
New Brunswick	9.4	9.4	-
Nova Scotia	11.7	-	11.7
Prince Edward Island	1.7	1.7	-
Newfoundland & Labrador	6.5	-	6.5
Yukon	0.4	0.4	-
Northwest Territories	0.5	-	0.5
Nunavut	0.4	-	0.4
Total	**400.0**	**380.9**	**19.1**

Note:

- Columns may not add due to rounding.

* All $400 million of the Public Transit Fund have now flowed.

4.3 Contacts

For more information, visit **www.infrastructure.gc.ca**, or contact Infrastructure Canada at:

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